

JPRS-CEA-85-044

9 May 1985

# China Report

ECONOMIC AFFAIRS



FOREIGN BROADCAST INFORMATION SERVICE

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

9 May 1985

## CHINA REPORT

### ECONOMIC AFFAIRS

### CONTENTS

#### PEOPLE'S REPUBLIC OF CHINA

##### NATIONAL POLICY AND ISSUES

- Yang Bo Speech on Invigorating Light Industry  
(Yang Bo; RENMIN RIBAO, 1 Apr 85) ..... 1

##### PROVINCIAL AFFAIRS

- Anhui 1984 Economic, Social Development  
(ANHUI RIBAO, 29 Mar 85) ..... 9
- Anhui Government Work Report by Wang Yuzhao  
(Wang Yuzhao; ANHUI RIBAO, 17 Mar 85) ..... 24
- SHANXI RIBAO Carries 1984 Provincial Statistics  
(SHANXI RIBAO, 27 Mar 85) ..... 58
- SICHUAN Publishes 1984 Economic Statistics  
(SICHUAN RIBAO, 17 Mar 85) ..... 71
- Report on Reform of Beijing's Economic Structure  
(Han Boping; BEIJING RIBAO, 21 Mar 85) ..... 89
- Beijing Municipality Releases 1985 Economic Plan  
(Wang Jun; BEIJING RIBAO, 22 Mar 85) ..... 109
- Hunan Holds Conference on Industrial, Communications Production  
(Hunan Provincial Service, 16 Apr 85) ..... 125
- Guangdong Economic Meeting Calls for Cool Heads  
(Guangdong Provincial Service, 20 Apr 85) ..... 126
- Guangxi Develops Southwest Economic Cooperation  
(Guangxi Regional Service, 19 Apr 85) ..... 127

Yunnan Releases First-Quarter Statistics on Fires (Yunnan Provincial Service, 13 Apr 85) .....	128
Yunnan Promotes Economic Cooperation With Chongqing (Yunnan Provincial Service, 19 Apr 85) .....	129
AGGREGATE ECONOMIC DATA	
Briefs	
Tianjin Household-Run Business Development .....	130
ECONOMIC MANAGEMENT	
Fujian Improves Economy by Tapping Mountains, Sea (Xu Yiming, Xiong Liwu; XINHUA Domestic Service, 12 Apr 85) .....	131
Gansu Commentary on Expanding Scale of Production (Gansu Provincial Service, 12 Apr 85) .....	133
Hunan Issues Regulations on Rewarding Management Achievements (Hunan Provincial Service, 16 Apr 85) .....	135
Establishing Indicators of Gross National Product, Gross Social Product (Liu Qi; TONGJI YANJIU, No 3, 7 Sep 84) .....	136
Zhang Jingsu Speaks on Production Safety (Beijing Domestic Service, 11 Apr 85) .....	148
INDUSTRY	
Industrial Output Value Increases in Anhui (Anhui Provincial Service, 10 Apr 85) .....	149
Briefs	
Xinjiang Township Enterprises .....	150
Xinjiang's Industrial Output Increases .....	150
Guangdong Industrial Production Increases .....	150
Tianjin Industrial Achievements .....	150
Qinghai Boosts Output Value .....	150
Guangxi Industrial Output Increases .....	151
Industrial Accidents Increased .....	151
CONSTRUCTION	
Shanxi Increasing Effort To Finish Key Projects (XINHUA, 12 Apr 85) .....	152
FOREIGN TRADE AND INVESTMENT	
Adjustments in Guangzhou Import Duties Reported (YANGCHENG WANBAO, 26 Jan 85) .....	153



Economic Cooperation With Third World Discussed (Zhu Minshi; LIAOWANG, No 3, 14 Jan 85) .....	155
--	-----

#### TRANSPORTATION

Seven New Domestic Air Routes Opened Recently (XINHUA Domestic Service, 18 Apr 85) .....	159
Guangdong Formulates Regulations on Bridge, Road Tolls (Guangdong Provincial Service, 12 Apr 85) .....	160
Sichuan Takes Measures To Develop Communications (Sichuan Provincial Service, 13 Apr 85) .....	161
Briefs	
Guangzhou-Dalian Shipping Route	162
Tianjin New Berthes	162
Sino-Korean Bus Transport Operation	162
Dalian-Japan Cargo Liner Opens	162
Yunnan Road Construction	163

#### CHINESE MEDIA ON FOREIGN ECONOMIC AFFAIRS

Romania's 1984 Economic Performance Reviewed (Zheng Jian; LIAOWANG, No 3, 14 Jan 85) .....	164
---	-----

#### PUBLICATIONS

Briefs	
Nei Monggol Information Paper	168

#### ABSTRACTS

#### FREE TRADE ZONES

LIAOWANG /OUTLOOK/, No 5, 4 Feb 85 .....	169
--	-----

#### HONG KONG MEDIA ON CHINA

Role of Bank of China's Branches in Foreign Trade (JINGJI DAobao, Nos 1, 6, 28 Jan 85) .....	170
Beijing Branch, by Zhang Xuequn	170
Tianjin Branch, by Gu Peichuan	172
Shenzhen Branch, by Liang Dongfang	174
Guangdong's Achievements in Open-Door Oriented Legal Work (Zhou Shude; JINGJI DAobao, No 6, 28 Jan 85) .....	176

Australian Trade Commissioner on Rising Investment in PRC (HONG KONG STANDARD, 17 Apr 85) .....	180
Hong Kong CPPCC Delegates Debate Special Economic Zone Currency (SOUTH CHINA MORNING POST, 3 Apr 85) .....	182

NATIONAL POLICY AND ISSUES

YANG BO SPEECH ON ENVIGORATING LIGHT INDUSTRY

HK100750 Beijing RENMIN RIBAO in Chinese 1 Apr 85 p 5

[Excerpts of speech by Yang Bo at National Meeting of Directors of Light Industry Departments and Bureaus: "Persist in Reform, Invigorating the Economy, and Make Great Efforts to Develop the Production of Consumer Goods"]

[Text] The year 1984 witnessed a good situation in light industry in China. Production output grew rapidly, the scale of light industry expanded fast, and the progress made during the year was greater than what had ever been scored in previous years. However, we should also be clearly aware that the development of light industrial production still fails to keep pace with the growth in social demand, that changes in the production mix have failed to keep up with that in the consumption structure, there is a very wide gap between supply and demand for some products, and that the vigorous development of consumer goods production remains an imminent task.

Have a Full Estimate of the New Trends in the Consumer Goods Market

The CPC Central Committee and the State Council have adopted an important decision on the Chinese people's consumption problem and have put forth a guidelines for moderate growth in consumption. Premier Zhao pointed out: It is necessary to correctly perceive the market, consumption, and purchasing power. With a smattering of knowledge of the market's role, we used to run the economy by restricting consumption. We used to deal with the shortage of commodities by issuing ration coupons. This practice of restricting consumption counteracts the feedback effect of consumption on production. Production determines the consumption pattern, and the growth in consumption in its turn gives rise to new demands of society and serves as the motive force for the development of production. We should appropriately encourage consumption, make use of the existing enormous market as a favorable condition, actively promote the production of consumer goods, and thus speed up construction. This is the basic guideline for our work. We must emancipate our minds, enhance our understanding, have a full estimate of the new trends in the consumer goods market which present arduous tasks before light industry, make every effort to accelerate the development of light industry, and thus bring about the further prosperity of the consumer goods market.

At present conspicuous changes and new trends have emerged in the consumption market. The purchasing power of society has grown drastically and has had widespread influence. Apart from some name-brand products, medium- and high-grade products, and new durable consumer goods that fall short because of tremendous demand, some daily consumer goods which used to be in ample supply are now also in great demand or even fall short. While some commodities are sold out, some products which used to be unmarketable and overstocked have now become marketable. According to our analysis, this is because on the one hand the consumers' mentality has changed and, on the other, the drastic increase in consumption funds in recent years has made the development of production lag behind the growth in purchasing power. Such a fact not only exerts great pressure on the production of consumer goods but also serves as a tremendous motive force. What products are light industry going to produce to earn money and keep a balance in the market? This is an imminent problem awaiting solution.

We must earnestly study the changing trends in the consumption market and the people's consumption patterns. The turning point which the consumer goods market is currently faced with has the following major features: First, as the urban and rural residents' needs for "food and clothing" have been basically met, the consumption pattern of the people in many areas has now begun to gradually mesh with a "well-off" life style. Second, consumers in urban areas now have a greater and greater demand for high-grade products with a wide variety while consumption trends in the rural areas are keeping in step with those in urban areas. Third, as far as the demand for commodities is concerned, the traditional consumption habits, sense of consumption, and consumption structure are changing and those urban and rural residents who have gotten rich before others have a stronger and stronger desire for advance consumption [chao qian xiao fei yu wang 6389 0467 3194 6316 2948 2598]. Fourth, in the wake of the increase in income and the change in lifestyle, people of different ages, sex, and professions have cultivated multilevel and distinctive consumption patterns. Fifth, as far as the sense of consumption is concerned, people's desires have extended beyond the sphere of material life to the sphere of spiritual life. And sixth, there has been a shift in consumption mode from closed-type thrifty consumption to open-type moderate consumption. This change in consumption trends will become more and more obvious in the days to come.

In the face of this new consumption trend among the people, we must adopt a strategy and policy which are geared to the needs of the times, discover the rules of change in consumption patterns, clearly define the orientation of our work, and see that the production of consumer goods develops smoothly.

#### Actively and Properly Carry Out Economic Structural Reform in Light Industry

The "decision" adopted by the 3d Plenary Session of the 12th CPC Central Committee emphasizes that the key link in the reform of the economic structure is the invigoration of enterprises, and the aim of reform is to develop the productive forces of society. We must conscientiously study the CPC Central Committee's "decision" and thoroughly carry out structural reform in light industry. Light industry comprises many trades, many enterprises, and many small plants which produce both big and small products. Both ownership systems exist in light industry. Light industrial products are sold in both the domestic and world markets. Therefore, it is necessary to provide specific guidance

for different cases. For the reform of collective enterprises in light industry, we must press forward with various forms of economic responsibility system and improve them on the basis of the results we have scored. We must continue to earnestly implement the "provisional stipulations on certain problems concerning collective enterprises in light industry" recently approved and promulgated by the State Council, further invigorate collective enterprises in light industry, study new cases and sum up new experiences to keep up with the new situation, and expand the scale of reform and extend it to other fields, thus carrying the reform to a new stage. Some old stipulations that have proved to be unfavorable to the development of the productive forces must be changed, but it is not allowed to encroach upon the property of collective enterprises in the form of egalitarianism and indiscriminate transfer of resources or in any other disguised form.

State-owned small-sized light enterprises can draw on the experiences of collective enterprises with respect to reform. These enterprises can retain the system of ownership by the whole people but be operated by the collective, and take full responsibility of all profits and losses after paying taxes according to regulations; or be contracted out to collectives or individuals for operations; or be operated by collectives or individuals on lease. The so-called "ownership by the whole people but operation by the collective" means that state-owned small-sized light industrial enterprises follow the procedures currently adopted by collective-run enterprises with respect to production, operation, management, distribution, and pricing, based on the principle of appropriate separation between ownership and the right of operation, with the aim of further invigorating enterprises. Those small-sized light industrial enterprises with conditions equal to those of enterprises run by commercial departments and to the food processing enterprises are entitled to the preferential treatment currently enjoyed by these two types of enterprises.

Although large- and medium-sized light industrial enterprises do not account for a big proportion of light industrial enterprises, they contribute a bigger portion of the output value, profits, and taxes provided by light industrial enterprises. Therefore, it is necessary to step up the reform of these enterprises in accordance with the "provisional stipulations on further expanding the decisionmaking power of state-owned industrial enterprises" and the plan on the second phase of the reform of substituting tax payment for profit delivery promulgated by the State Council. Light industry administrative departments and enterprises at all levels must vigorously and conscientiously implement the state's instruction on vesting decisionmaking power with enterprises so as to give full play to diversification, flexibility, and initiative in enterprise operations. When drawing up the command plan for large- and medium-sized enterprises, we must leave some margin. The state will also cut the regulation tax for advanced large- and medium-sized enterprises step by step. It is necessary to press on with the readjustment of enterprises' leading bodies according to the requirements of the "four transformations" for cadres, step up the enforcement of the plant manager responsibility system and establish "leadership by the expert group." It is also necessary to implement step by step and in a planned way various forms of the economic responsibility system centering around the contracting system within large- and medium-sized

enterprises. It is necessary to vigorously develop name-brand products in light of market demand. And it is necessary to follow the principle of "diversification of business with one selected trade as the key undertaking."

Light industry administration departments must also undergo reform. According to the requirements set by the CPC Central Committee's "decision," the principal tasks for light industry administrative departments at all levels are to strictly carry out the principles and policies laid down by the CPC Central Committee and the State Council, to take charge of unified planning, to maintain overall balance, to perform the function of coordination, and to supervise services. Therefore, it is definitely necessary to simplify government administration, delegate power to the lower levels, consolidate administrative companies, and expand enterprises' decisionmaking powers, thus turning enterprises into relatively independent economic entities and socialist commodity producers and dealers which operate on their own which take full responsibility for all profits and losses and are capable of self-transformation and self-development.

We must continue the transformation process of enterprises this year and turn our production-oriented enterprises into business- and development-oriented enterprises, thereby further invigorating the business of enterprises. This is also part of the content of reform of the economic structure. The socialist economy is a planned commodity economy. Faced with the new situation of increasingly sharp competition in the market, our enterprises must take the initiative in applying the laws of value, promote their business, and enhance their decisionmaking ability to keep up with the change in the market and with the needs of the people. Only in this way can they raise their production output rapidly, achieve good economic results, and place themselves in an invincible position.

#### Make Use of Scientific and Technological Achievements to Speed Up Technological Transformation of Existing Enterprises

After 30-odd years of efforts, our country has laid down a fair foundation for light industry. However, the production means owned by most of our enterprises at present are underdeveloped and their products are not good enough to readily adapt to changes and to compete with their counterparts in the market. We must make up our minds to carry out technological transformation of these enterprises, continue to place the emphasis on the transformation of existing enterprises when making investment, speed up technological improvement, make greater breakthroughs in production technology, management techniques, service techniques, and information technology, and thus lay a new technological basis for light industry. This is a strategic guideline which we must bear in mind and adhere to. The light industrial machinery building industry must take the lead in technological transformation, actively develop advanced machinery equipment, and supply modern equipment in support of light industrial development.

In order to transform the existing traditional industry, we must at the present stage concentrate our attention on the readjustment of the product mix, the development of new products, saving on energy and raw materials, and the



enhancement of labor productivity so as to improve the enterprises' overall quality and economic results. In transforming old enterprises, we must try our best to adopt suitable new technology and should never follow the beaten track of "antique reproduction." We must cast off old thinking, be brave in attracting foreign investment and importing key equipment and accessories, and make use of multiple channels to introduce, in various forms and according to priority, the medium and small projects that involve little investment but may yield rapid results.

Coastal open cities and economic development zones, as well as provinces and cities in the interior of the country with a light industrial foundation, must make full use of their readily available conditions to actively import advanced technology and equipment and to introduce advanced management methods, apply them and adapt them to local conditions, thus constantly expedite the development of light industry across the country. While upholding the policy of opening the markets in exchange for technology and capital, we must pay attention to protecting domestic industries, supporting newly emerging industries, and closing down backward enterprises. It is necessary to vigorously prepare the conditions for the application of modern technology, such as the application of biological technology to the food industry, that of electronic technology to the production of durable consumer goods, and that of microprocessors to the management of enterprises.

It is necessary to enliven the technology market and do a good job in applying technological results to commodity production. It is necessary to adopt favorable policies and given preferential treatment to encourage our scientific research departments, design departments, and universities and colleges to engage in technological cooperation with enterprises through multiple channels and to promote technology trade and various forms of technology transfers. In order to open up the technology market, it is necessary to make great efforts to extensively apply the results of scientific and technological research to commodity production so that they can be turned into real productive forces.

#### Readjust the Product Mix, Improve Product Quality, and Develop Name-Brand Quality Products

At present, as the people's purchasing power has been raised, the consumers are setting higher and higher requirements on light industrial products. Our light industrial departments and enterprises must take actions in advance to meet the consumer's constantly changing needs, readjusting the product mix in good time in light of the changing consumption trends and up-to-date market information and vigorously promoting the production of medium- and high-grade durable consumer goods as well as those commodities in short supply. It is necessary to vigorously develop the food industry, conscientiously implement the program on the development of the food industry, do a good job in the fine processing and comprehensive use of basic raw materials and agricultural products, and expand the range of products. It is necessary to actively develop medium- and high-grade goods and a wide variety of nutritious and ready-to-serve foods. At the same time, we must never overlook the production of low-grade and staple products as the people's daily necessities and must take the different demands by consumer groups at different levels into account.

It is necessary to keep in mind the idea of creating quality and name-brand products, to promote the production of quality and name-brand products, and to actively develop new products. Units in different places must promote extensive technological and economic cooperation and expand production centering around the development of marketable quality and name-brand products. We must make up our minds to stop the production of a number of unmarketable products, develop a great number of quality and name-brand products, and produce a great number of key products of high reputation in the market. As for those products in short supply which we are not yet competent to produce on our own, we can import in a planned way some of their component parts to assemble complete products. As our technological level is enhanced we can gradually raise the proportion of domestically made component parts. Under the circumstances of a planned commodity economy, we must attach great importance to market surveys and forecasts, pay attention to the collection of information, promptly adjust our product mix in light of changes in market demand, and try to produce a wider variety of commodities by means of production in small batches.

It is necessary to vigorously develop products which suit the needs of the rural areas. As the peasants' income has increased substantially and the volume of commodity consumption has been raised, the consumers have set more and higher quality requirements on light industrial products. Our country has a vast rural market. In the past we used to bias to a great extent our work orientation toward the urban areas while overlooking the needs of the rural areas. We should now shift our focus to the needs of rural residents. The peasants need not only ordinary industrial products for daily use but also quite a large number of high- and medium-grade products and durable consumer products. We must make effort to raise the production of light industrial products that suit the needs of the peasants.

It is necessary to continue to improve the quality and packing of products, uphold the principle of putting quality and variety of products first, and speed up the process of replacing old products with new ones. Under the circumstances that the consumption level is constantly going up and competition is becoming more and more acute, the quality of light industrial products is the lifeline of enterprises. Exported goods of poor quality in particular may damage the image of the country, and therefore should draw great attention.

It is necessary to devote great efforts to further improving overall quality control. It is necessary to further strengthen the consolidation and supervision of quality control work, with our focus placed on quality products. It is necessary to thoroughly investigate and handle the cases of a small number of enterprises which have overlooked quality control, have done shoddy work and used inferior materials, have manufactured goods in slipshod way, and have deceived consumers with shoddy products. It is necessary to adopt the concept of wholeheartedly serving the consumers and to improve marketing services.

All light industrial departments and enterprises throughout the country must make great efforts to develop new products, strengthen the overall development of products including scientific research, design, trial production, production, and after-delivery service, speed up the process of renewal of products, open up new production fields, develop new trades, open new production branches,



and actively develop such products as foods, household electric appliances, garments, plastics, paper, cosmetics and tonics, articles for use in cultural activities, and new-type decorative materials.

In order to enhance our adaptability and improve the economic results, we still need to devote great efforts to enterprise consolidation, earnestly upgrade the enterprises' quality, and improve management. Every enterprise must try hard to learn modern scientific management methods such as systems engineering, value engineering, and cybernetics so as to substantially enhance its management level.

#### Develop Horizontal Economic Combinations and Strengthen Economic and Technological Cooperation

Removing the barriers between areas, between departments, and between different ownership systems and developing horizontal economic combination and economic and technological cooperation is an inevitable trend in the process of rationalization of the economic structure and a real layout, the transformation of the "large and complete" as well as "small but complete" structure of light industrial enterprises, the realization of socialized large-scale production, and our construction of "four modernizations."

"Development of light industry depends on combination." It is necessary to continue to carry out the guideline laid down by the CPC Central Committee and the State Council calling for carrying forward strong points, getting rid of weaknesses, giving full play to favorable conditions, safeguarding competition, and promoting combinations. It is necessary to make the best use of the situation to vigorously press on with economic combinations in light industry, and to speed up the development of name-brand and quality products. Judging from the special characteristics of light industry and the experience we have acquired, we must pay special attention to the following aspects at present:

1. To promote inter-trade and transregional economic integrated bodies which are attached to central cities, established on the basis of backbone enterprises, and aimed at developing name-brand quality products. Our central cities possess well developed light industry, pretty advanced technology and equipment, relatively high level of management, and sound information exchange networks. By promoting such an economic combination, we will be able to give full play to the favorable economic and technological conditions held by central cities and backbone enterprises, thus speeding up the development of light industry as a whole.

2. To develop economic combinations between the urban and rural areas. As rapid economic development in the rural areas in recent years has pushed agricultural production to shape a socialized, modern, and specialized commodity economy, a considerable number of peasants have gradually turned their hands to industry, commerce, and the transport and service trades. By promoting economic combination between light industrial departments and enterprises as one side and the rural areas as the other, we can on the one hand strongly push ahead the development of the specialized and socialized commodity economy in the rural areas and, on the other hand, supply light industrial enterprises in urban areas with plenty of agricultural and sideline raw materials, some

spare parts or semifinished products, and part of the funds and labor force they need, thus enabling light industry in the urban and rural areas to develop side by side.

3. To promote economic and technological cooperation and support given by corresponding departments. There is a serious imbalance in the development of light industry and a considerable gap in technological, production, and management level between different areas in the country. By promoting economic and technological cooperation and support given by corresponding departments, we can carry forward our strong points and get rid of our weaknesses, make a good use of our favorable conditions in various fields, step up the process of transfer of technology from the coastal areas to the interior of the country, and thus accelerate the development of light industry.

4. To actively promote the combination of industry and trade so as to press on with the development of export products.

In order to develop horizontal economic combinations, we must uphold the principle of seeking truth from facts, proceed from the actual situation in everything, and act in accordance with objective economic laws. We must adhere to the following principles in promoting economic combinations: First, we must carry forward our strong points, get rid of our weaknesses, uphold the principle of mutual benefit and support, and enable different units to make progress side by side. Second, economic combination must be realized on a voluntary basis but not by administrative orders. Third, we should offer a wide choice of forms of economic combination instead of fixing a specific mode. These can be closely linked integrated economic bodies or loosely linked combination and cooperation; permanent and stable combination or provisional and short-term combination and cooperation; transregional and inter-trade combination or simply combination within an area or a trade; combination between different production sectors or operational combination between industry and commerce or between industry and trading services. Economic combination can also take such forms as joint venture, cooperation in production, compensation trade, and so on. Furthermore, it is necessary to pay attention to promoting the combination of productive enterprises with scientific research units, universities, and colleges. By and large we can choose any forms as long as it is beneficial to development of production and the invigoration of the economy. Fourth, separation between government administration and enterprise management. Economic integrated bodies should be made independent economic organizations which enjoy full decisionmaking power and can engage in production and business on their own. Administrative departments should concentrate their attention on the formulation of principles and policies concerning economic combination, strengthen macroscopic guidance, do a good job in coordinating, serving, and supervising combination, but should never intervene in the internal affairs of the integrated bodies.

PROVINCIAL AFFAIRS

ANHUI 1984 ECONOMIC, SOCIAL DEVELOPMENT

OW152321 Hefei ANHUI RIBAO in Chinese 29 Mar 85 p 3

["Statistical Communique on 1984 National Economic and Social Development" issued by the Statistical Bureau of the Anhui Provincial People's Government]

[Text] In 1984, the people across the province conscientiously implemented the principles of invigorating the domestic economy and opening the country to the outside world. Spurred by party rectification and reform of the economic structure, they overcame difficulties in their advance and made fresh progress on all fronts. Along with growth in production, the market was brisk, living standards continued to rise, and further progress was made in promoting spiritual civilization. Targets set for 1985 in the sixth 5-year plan were fulfilled ahead of schedule with regard to total output value of industry and agriculture, total retail sales of society, national income, per-capita labor productivity, output of grain and cotton, and output of 34 principal industrial products. The total product of society came to 45,914 million yuan, 18.2 percent higher than in 1983; national income reached 21,458 million yuan, up 16.2 percent over 1983; total output value of industry and agriculture was 33,961 million yuan, representing 112.2 percent fulfillment of the yearly plan, up 17.9 percent over 1983. (see note 1) Compared with 1980, 10 counties in the province--Guoyang, Fuyang, Mengcheng, Jieshou, Lixin, Wuhe, Guzhen, Suixi, Huaining, and Tongcheng--doubled their total industrial and agricultural output value. The major problems in national economic development were: shortages in power supply and continued strains in transportation continued; consumption funds grew too fast; the production structure and product mix were not completely reasonable; price hikes of some commodities were substantial; and still stricter control is needed over investments in fixed assets.

1. Agriculture

Serious efforts were made on the agricultural front to implement Document No. 1 of the CPC Central Committee and the various regulations of the Provincial Committee and Provincial Government for the protection of specialized households and further development of commodity production in rural areas. The contract responsibility system linking output with remuneration was continuously perfected, gratifying achievements were made by village and town enterprises, breakthroughs were accomplished in rural areas in the change from a self-supporting or partly self-supporting economy to commodity production and

from traditional to modern agriculture, and the entire rural economy became more prosperous and dynamic.

The year's total output value of agriculture was 15,457 million yuan, representing a 117.4 percent fulfillment of the yearly plan, or up 21.4 percent over 1983 (not counting the output value of 1.85 billion realized by village and lower-level industries, the total output value of agriculture would be 13.607 million yuan, a 13.2 percent increase over 1983). Of this total, agriculture (crop cultivation) yielded 10.476 million yuan, an increase of 10.8 percent over 1983; forestry, 392 million yuan, an increase of 36.1 percent; animal husbandry, 2,018 million yuan, an increase of 22.4 percent; sideline production, 2,396 million yuan, an increase of more than 100 percent; and fishing, 175 million yuan, an increase of 13.9 percent.

The total grain output reached 44.051 billion jin, representing 110.1 percent of the yearly plan and an increase of 9.5 percent; total cotton output came to 4,678,700 dan, 133.7 percent of the yearly plan and an increase of 23.2 percent; fairly large increases were realized in the output of flue-cured tobacco, sugarcane, jute and ambary hemp, and silkworm cocoons.

Based on the 1978 figures, 6 prefectures and cities and 23 counties (cities) doubled their output value of agriculture in 1984, and 1 prefecture, 1 city, and 11 counties (cities) doubled their grain output. Compared with 1980, Fuyang Prefecture, Huainan City, Bengbu City, and Anqing City and 13 counties (cities)--Mengcheng, Jieshou, Fuyang, Guoyang, Lixin, Huaining, Tongcheng, Guzhen, Wuhe, Fengtai, and Suixi counties and Fuyang and Luan cities--doubled their total output value of agriculture, while Guzhen, Zongyang, and Lixin counties doubled their grain output.

Output of major farm products was as follows:

	1984	increase over 1983 (percent)
grain	44,051 million jin	9.5
cotton	4,678,700 dan	23.2
oil-bearing crops	19,438,100 dan	0.7
of which:		
peanuts	3,605,600 dan	16.6
rapeseed	14,213,100 dan	-4.9
sesame	1,544,900 dan	29.0
flue-cured tobacco	1,528,900 dan	38.5
sugarcane	721,400 dan	82.3
jute, ambary hemp	5,393,400 dan	57.8
silkworm cocoons	143,000 dan	25.2
tea	860,900 dan	6.7
fruits	2,519,400 dan	6.3

The total area afforested by the province was 1,959,300 mu, an increase of 47.9 percent over 1983. The output of major forestry products was as follows: Walnuts 9,700 dan, an increase of 16.2 percent; pine resin 79,300 dan, an increase of 60.5 percent; the output of tung oil seed, chestnuts, Chinese tal-low seed, and rapeseed dropped in varying degrees.

The number of large animals continued to grow, and that of pigs, sheep, and goats also showed some increases at the end of the year. The declining trend of the past years stopped.

Output of major animal byproducts was as follows:

	1984	increase over 1983 (percent)
total output of pork, beef, and mutton	11,610,940 dan	11.0
of which:		
pork	10,922,600 dan	10.1
beef	337,200 dan	87.6
mutton	359,600	-3.5
milk	294,700 dan	18.5
sheep wool	31,100 dan	-19.4
hogs slaughtered	7,407,100 head	10.5
pigs at year's end	11,366,000 head	12.1
large animals at year's end	4,137,600 head	7.3
sheep, goats at year's end	2,114,700 head	2.5

Fishery production increased, with yearly output of aquatic products at 139,000 tons, an increase of 14.3 percent over the previous year.

In sideline production, village-run industries and industries run by units below the village level developed rapidly, with output value at 1.85 billion yuan, or 1.59 times that of the previous year.

As a result of the vigorous popularization of various forms of contracted responsibility systems with remuneration linked to output, production at state-run farms of land reclamation departments underwent relatively great changes. Total grain output was 23.1 percent higher than that of the previous year; cotton increased 1.25 times; oil-bearing crops increased 71 percent; and tea, 20.6 percent.

Conditions for agricultural production improved somewhat. At the end of 1984, the total power capacity of the province's farm machines was 10,841,500 horsepower, a 4.2 percent increase over the previous year; and the number of small-sized tractors and walking tractors was 277,000, a 13.6 percent increase. The yearly amount of chemical fertilizer for agricultural use (calculated on the basis of effective content) applied was 1,012,000 tons, an increase of 11.8 percent. The amount of electricity consumed by rural areas was 1.32 billion kilowatt-hours, an increase of 19.3 percent.

Water conservancy and meteorological departments at all levels made positive contributions to agricultural and other departments.

## 2. Industry

With the gradual reform of the industrial structure, the decision-making power of enterprises was further expanded. Based on 2 consecutive years of steady development, our province's industry continued to grow at a relatively high speed, with light and heavy industries developing in coordination and economic results somewhat enhanced.

The province's 1984 total industrial output value was 18,504 million yuan, exceeding the yearly plan by 8.2 percent and representing an increase of 15.2 percent over the previous year (or 20,354 million yuan, if village-run industries and industries run by units below the village level are included, an increase of 21.3 percent over the previous year). The total industrial output value of the province's 17 prefectures and cities increased in an all-round way. Seventeen counties and six prefecture-controlled cities registered total industrial output values exceeding 100 million yuan each. Compared with 1978, 4 prefectures and cities and 26 counties doubled their total industrial output value. Compared with 1980, 15 counties, including Changfeng, Wuhe, Gucang, Mengcheng, Boxian, Funan, Yingshang, Jieshou, Lixin, Dangshan, Tianchang, Laian, Fengyang, Yixian, and Shitai, doubled their total industrial output value.

Of the total industrial output value, the total output value of industries owned by the whole people was 14,033 million yuan, a 7.6 percent increase over the previous year; the total output value of industries under collective ownership (Footnote 2) was 4,387 million yuan, a 48.1 percent increase; and the total output value of handicraft industry run by individuals in urban areas was 76 million yuan, a 40 percent increase.

Town- and village-run industries developed at a very rapid pace. This yearly total industrial output value (Footnote 3) was 3.042 million yuan, double that of the previous year; of this, total output value of village-run industries was 1.193 million yuan, a 52.9 percent increase.

Of the 75 major industrial products listed for yearly examination and approval, 56 fulfilled or overfulfilled the planned indices; compared with the previous year, the output of 66 such products increased. Of the 50 major industrial products listed in the "sixth 5-year" plan, aside from the 22 which met the 1985 indices in 1983, the output of 12 industrial products, including phosphate fertilizers, iron ore, cement, plate glass, chemicals and medicines, plastics,



steel boats for civilian use, television sets, woolen piece goods, machine-made paper and pulp, beer, and synthetic detergents, fulfilled the 1985 indices in 1984.

In 1984, our province's light industrial production was further enlivened. The demand of the broad masses of people for famous-brand and fine-quality products and durable consumer goods of medium and high grades expanded, promoting the development of light industrial production. This year, the total light industrial output value was 9,909 million yuan, or 108.3 percent of the yearly plan, showing a 14.4 percent increase over the previous year and accounting for 53.6 percent of the total industrial output value. Of the 28 major light industrial products listed in the plan, 18 fulfilled or overfulfilled the plan; compared with the previous year, the output of 24 such products increased.

Output of major light industrial products was as follows:

	1984	increase over 1983 (percent)
bicycles	767,300 units	9.2
sewing machines	26,600 units	-75.2
wristwatches	505,000 units	12
television sets	138,300 sets	88.6
receivers	588,100 units	-17.4
audio recorders	17,500 units	78.1
washing machines	82,100 units	59.4
electric fans	306,500 units	65.7
refrigerators	3,000 units	427.6
synthetic fiber	6,918 dun	53
cotton yarn	117,800 dun	-2.3
cotton cloth	440.93 million meters	-17.3
silk	573.56 dun	8.3
silk textiles	17.02 million meters	16.2
woolen fabrics	2.18 million meters	45.9
knitting wool	1,859 dun	25.9
gunnysacks	48.56 million units	15.6
leather shoes	2.79 million pairs	
cigarettes	1.52 million cases	6.2
liquor, wine	292,100 dun	18.9
matches	1.53 million cases	15.8
paper, paperboard	216,700 dun	19.3
soap	46,626 dun	16.3
detergents	35,153 dun	26.5

The output of heavy industrial products increased steadily in the course of reform and met the actual needs of agricultural and light industrial production. Total heavy industrial output in 1984 was 8.59 billion yuan, overfulfilling the annual production plan by 8.1 percent and showing an increase of 16.1 percent over 1983. The annual heavy industrial output accounted for 46.4 percent of the province's total output in 1984. Of the 47 heavy industrial products included in the overall production plan, the production plans of 38 were fulfilled or overfulfilled. The output of 42 of them increased over 1983.

Output of major heavy industrial products was as follows:

	1984	increase over 1983 (percent)
coal	27.55 million dun	9.2
washed coal	4.82 million dun	2.7
electric power	11.68 billion kwh	0.7
iron ore	8.04 million dun	21.9
pig iron	2.33 million dun	4.1
steel	1.89 million dun	8.7
rolled steel	1.27 million dun	12.9
coke	2.37 million dun	3.2
crude copper	48,050 dun	4.2
sulphuric acid	418,590 dun	9.3
sodium carbonate	7,200 dun	43.8
caustic soda	53,600 dun	8.4
synthetic ammonia	936,800 dun	12.9
chemical fertilizers	752,800 dun	16.9
insecticides	6,000 dun	-32.4
medicines	589.47 dun	20.7
tires	392,600 units	41.9
plastic materials	20,474 dun	21.4
lumber	464,000 cubic meters	27
cement	4.1 million dun	17.4
plate glass	966,100 cases	11.4
metal cutting machines	2,200 units	40.3
motor vehicles	6,249 units	96.8
tractors	400 units	205
hand-supported tractors	10,585 units	-45.7
internal combustion engines	922,600 hp	88.8
steel-hull vessels for civilian use	88,300 dun	44.6



Overall industrial economic results improved. Some 325 items were rated as quality products, nearly double the 1983 figure. Of these 325 fine-quality products, 46 reached or approached advanced international levels, and 117 reached domestic advanced levels. Two items won state gold prizes for fine quality; six won state silver prizes for fine quality; and 75 won prizes for fine quality from the ministries concerned.

Of 70 major industrial products subjected to quality evaluation last year, 26 had improved their quality while 20 others maintained the same quality. In a study of per unit material consumption for 80 items, it was found that per unit material consumption for 36 items decreased as compared to 1983. The average labor productivity of industrial enterprises owned by the whole people and marked by independent accounting rose 5.9 percent. Compared with 1983, the total output of state-run industrial enterprises rose 12.2 percent last year; their sales income increased 13.1 percent; their profits, 18.6 percent; and taxes paid to the state, 10.4 percent. Taxes paid and profits earned for each 100 yuan of capital invested increased 1.93 yuan over the previous year. The profit earned for each 100 yuan's worth of commodities sold increased 0.49 yuan over the previous year. The turnover speed of circulating funds rose 7.3 percent. Losses suffered by losing enterprises dropped 19 percent.

### 3. Investment in Fixed Assets and the Building Industry

Investment in fixed assets in units owned by the whole people in 1984 amounted to 2.8 billion yuan, up 510 million yuan or 22.2 percent over the previous year.

Investment in capital construction in these units was 2.09 billion yuan, 30.8 percent over the previous year. In terms of funding sources, investment within the state budget was 1.09 billion yuan, up 8.4 percent, and that outside the state budget (including domestic loans, use of foreign capital, and funds raised by the units themselves), up 68.7 percent over the previous year.

In terms of the scale based on the plan, capital construction projects completed during the year were worth 1.77 billion yuan, or 93.3 percent of the plan. Of these, projects invested by the Central Government were worth 1.28 billion yuan, or 92.4 percent of the plan, while those invested by local governments totaled 490 million yuan, or 95.6 percent of the plan.

Of the investments in capital construction projects, 1.35 billion yuan was used for productive projects, up 27.5 percent and amounting to 64.3 percent of the total investments, while 740 million yuan was used for nonproductive projects, up 36.9 percent and amounting to 35.7 percent of the total investments. Of the latter, 350 million yuan was used for housing projects, up 18.6 percent.

The number of capital construction projects completed was 989, the completion rate being 42.9 percent. The newly added fixed assets totaled 1.47 billion yuan, the rate of fixed assets delivery being 70.2 percent. The principal newly added productive items include 346 kilometers of power transmission cables of and above 110,000 volts, 32.2 kilometers of new railway tracks, 407 kilometers of railway put into operation, 235,000 tons of cement, 40 million meters of printed and dyed cloth, 1,120 wool-spinning spindles, 235,000 mu of insured irrigated acreage, and 41,000 additional seats at institutes of higher learning and secondary schools.

Investments in major construction projects increased. Of the total investments in capital construction projects, 760 million yuan was invested in energy industry, up 36.1 percent; 230 million yuan in railway, transportation, and postal and telecommunications services, up 20.6 percent; 140 million yuan in agriculture, forestry, water conservancy, and meteorological services, up 22.2 percent; 89 million yuan in the cultural, educational, and public health fields, up 13.7 percent; and 100 million yuan in urban construction, up 43.7 percent. Investments in the 25 completed major construction projects in the province totaled 950 million yuan, 2.1 percent over the yearly plan. Among them, six major construction projects arranged by the state--the mining areas in northern and southern Anhui, the Anhui-Jiangxi railway, the Ningguo cement plant, the Luohe and Pingyu power plants--were completed at a cost of 770 million yuan, 100.7 percent of the 1984 plan and 36.6 percent of the total investments. The Anhui-Jiangxi railway has been completed and put into operation. The Ningguo cement plant has conducted plantwide test runs. Tunneling footage completed in the mining areas in northern and southern Anhui was 109.5 percent of the year's plan.

Investment in equipment renewal and technical transformation in units owned by the whole people was 710 million yuan, 2.3 percent over that in the previous year. Of this, investment in local projects increased 4.6 percent. The direction of investment in this regard was reasonable and the returns of investment were higher than in the previous year. Of this investment, 380 million yuan was used to increase production and conserve energy and raw and semifinished materials, this being 6.7 percent over the previous year; and 100 million yuan was used to increase product variety and improve product quality, this being 9.9 percent over the previous year. Of the investment in equipment renewal and technical transformation, 640 million yuan was for productive construction, up 4.7 percent, and 70 million yuan for nonproductive construction, down 15 percent. A total of 852 projects for equipment renewal and technical transformation were completed in 1984, the rate of completion being 46.9 percent, 1.7 percent higher than in 1983. The added fixed assets resulting from equipment renewal and technical transformation were worth 557 million yuan, 5.5 percent over the previous year. The utility rate of fixed assets was 78.4 percent, 2.3 percent higher than in 1983.

Initial results were achieved in reforming the management system in the building industry and capital construction. Of all building and installation enterprises, 88.4 percent implemented various forms of construction contract responsibility systems while 43.5 percent adopted the system of a fixed wage for each 100-yuan output value. These enterprises achieved quite good results in shortening the time for completing a project, lowering construction cost, and improving construction quality. The overall productivity of these building and installation enterprises in 1984 was 22.5 percent higher than in 1983, and the rate of good-quality construction increased from 66.8 percent in 1983 to 71.9 percent in 1984.

While investment in fixed assets greatly increased, in 1984, investment returns were smaller than in the previous year. Housing construction cost increased from 135 yuan per square meter of floor space in the previous year to 168.8 yuan, while the completion and delivery rate of capital construction

projects decreased from 48.9 percent in 1983 to 42.9 percent. The completion and delivery rate for fixed assets was also lower than in the previous year.

Greater progress was recorded in geological work. Geological drilling footage completed in 1984 was 368,900 meters, 101.8 percent of the year's plan and 18,300 meters more than in 1983. Greater progress was achieved in 28 mineral producing areas which had been surveyed and prospected, and 25 new valuable-mineral-producing areas were discovered. Reserve estimates of 18 different kinds of mines have been provided.

#### 4. Transportation and Postal and Telecommunications Services

In 1984, monopoly in communications and transportation services in our province was further reduced and a new situation emerged in which the state, collectives, and individuals all took part. The communications departments adopted many measures to increase shipping capability, and our passenger and cargo transport volume and turnover rate all surpassed the 1984 plans.

Throughout the province, 26,486 kilometers of highways were opened to traffic, 552 kilometers more than in 1983. Of this, 22,415 kilometers was open to traffic rain or shine, 719 kilometers more than in 1983. Navigable inland river waterways totaled 5,490 kilometers.

Local transportation means of all kinds shipped 5,656 million ton/kilometers of cargo, 28.3 percent over 1983. Of this, 2,012 million ton/kilometers of cargo was transported over highways, up 19 percent, and 3,644 million ton/kilometers of cargo through waterways, up 29 percent. They also transported 7,132 million passenger/kilometers, up 19.5 percent. Of this, 6,989 million passenger/kilometers was transported over highways, up 20 percent, and 143 million passenger/kilometers through waterways, down 0.9 percent.

Total business transactions in postal and telecommunications services amounted to 70,511,000 yuan, 11.6 percent over the previous year. Broken down, letter mail increased 11 percent, telegraph was down 5.9 percent, and long-distance telephonic was up 16.2 percent. By the end of 1984, the number of telephones in rural areas increased 4 percent, and that in cities increased 13.8 percent. Subscriptions of various newspapers increased 18 percent, and those of various magazines increased 27.8 percent.

#### 5. Domestic Commerce

Supply of commodities continued to increase. The total volume of commodities purchased by state commercial departments and supply and marketing cooperatives in 1984 was 9,994 million yuan, an increase of 4.3 percent over the previous year. Of this volume, farm produce and sideline products purchased totaled 5,105 million yuan, an increase of 4.9 percent; industrial products purchased totaled 4,834 million yuan, an increase of 3.8 percent. The volume of principal commodities purchased was: 12,545 million jin of grain, an increase of 2.7 percent; 3.66 million dan of cotton, a decrease of 2.6 percent; 425 million jin of edible vegetable oil, an increase of 1.7 percent; 3.81 million head of hogs, a small increase compared with the previous year.

The supply of commodities on the market increased by large margins. The total volume of retail commodities in 1984 reached 11,951 million yuan, an increase of 16.4 percent over the previous year and an all-time record since the founding of the Republic. After deduction for inflation, the actual increase was 14.1 percent. Of the total volume of retail commodities, the retail volume of consumer goods increased 17.3 percent, and the retail volume of means of agricultural production increased 12.6 percent. Of the retail volume of consumer goods, the retail volume of consumer goods sold to residents increased 17.4 percent, while those sold to social collectives increased 15.6 percent. Compared with the previous year, the retail volume of principal consumer goods was as follows: Grain increased 15.4 percent; edible vegetable oil increased 29.2 percent; pork increased 2.5 percent; eggs increased 32.3 percent; sugar increased 13.6 percent; cotton and chemical fiber blend fabrics decreased 9.8 percent; chemical fiber cloth increased 11.1 percent; pure cotton cloth increased 11.6 percent; woolen fabrics increased 80.1 percent; silk and satin increased 40.7 percent; knitting wool increased 38.4 percent; knitted underwear increased 4.9 percent; wrist watches increased 27.2 percent; bicycles increased 25.8 percent; electric fans increased more than 100 percent; television sets increased 47.6 percent; taperecorders increased 87 percent; washing machines increased 440 percent; and refrigerators increased 1,800 percent.

With the exception of the joint-management sector, retail sales in all sectors of the economy registered marked increases, and the individual economic sector particularly grew rapidly. Total retail sales in the state-owned sector were 4,727 million yuan in 1984, an increase of 17.7 percent over the previous year; retail sales in the collective sector were 5,025 million yuan, an increase of 10 percent; sales in the individual sector were 1,417 million yuan, an increase of 32.3 percent; and retail sales by peasants to nonagricultural residents were 781 million yuan, an increase of 27.9 percent.

Business at commodity fairs in both cities and the countryside was brisk, and the total business volume of commodity fairs was 2,106 million yuan in 1984, an increase of 13 percent over the previous year. Of this, the business volume for meat, poultry, and eggs rose 12.6 percent; aquatic products, 20.9 percent; and vegetables, 15.1 percent.

Reform of the commercial structure was gradually implemented. In 1984, many state-owned enterprises in the retail business, the catering trade, and other service trades were given a free hand in management. Of these, 397 were leased to collective management, 7 were turned over to collective ownership, and 92 were leased to individuals. Great progress was made in reform of wholesale departments, and a number of trade centers were established.

Economic efficiency of state-owned commercial departments (excluding grain departments) improved. Compared with the previous year, their profits rose 8 percent, operation costs for selling every 100 yuan of commodities dropped by 1.6 percent, the frequency of the turnover of their working funds increased 0.23 times, and the annual sales volume rose 2.5 percent per worker.

The profit rate on the grain departments' commodity business dropped by 0.5 percent from the previous year, and the speed of turnover of commercial enterprises' working funds increased 0.1 times.



Compared with the previous year, the gross profit margin of supply and marketing cooperatives dropped by 2.2 percent, the circulation cost rate declined by 3.4 percent, the number of money-losing commercial enterprises was reduced by 40.2 percent, and the volume of deficits dropped by 5.8 percent.

Sales by material departments of major means of production in 1984 rose over the previous year. Coal sales rose 3.5 percent to 8,183 tons, rolled steel rose 17.6 percent to 541,800 tons, timber rose 20.8 percent to 146,900 cubic meters, and cement rose 25.3 percent to 943,500 tons. [figures as published]

Market prices rose by varying degrees. The general price indexes for state purchases of farm and sideline products rose 1.1 percent over the previous year. The general retail price index rose 2 percent, with 1.7 percent in cities and 2.2 percent in the countryside. The prices for grain rose 1.2 percent; meat, poultry, and eggs, 6.7 percent; aquatic products, 8.4 percent; fruit, 4.6 percent; traditional Chinese medicines, 3.9 percent; western medicines and other medical goods, 0.7 percent; books, newspapers, and magazines, 3.6 percent; fuel, 1.3 percent; and farming materials and equipment, 7 percent. Prices for garments, and cultural and recreational goods dropped. The cost of living index for workers and staff rose 2.1 percent over 1983. Of this, prices for consumer goods rose 1.7 percent, and those for service trades went up 6.1 percent.

## 6. Foreign Trade and Tourism

Foreign trade grew considerably. Our province's total imports and exports came to U.S. \$290 million in 1984, an increase of 49.9 percent over the previous year. Exports totalled U.S. \$244 million, overfulfilling the annual plan by 39.4 percent, an increase of 43 percent over 1983. Among exports, farm and sideline products rose 69.7 percent to U.S. \$70 million, accounting for 28.7 percent of the total; light industrial goods rose 36.8 percent to U.S. \$123 million, accounting for 50.4 percent of the total; and heavy industrial goods rose 29.2 percent to U.S. \$51 million, accounting for 20.9 percent of the total. Imports by self-managed units totalled U.S. \$47 million, nearly doubling the 1983 figure. Exports exceeded imports by U.S. \$197 million.

In 1984, our province made tremendous progress in the use of foreign capital and in introducing technology, thanks to a series of measures, including strengthening leadership over this work and delegating power to lower level units. Last year, some 196 transactions in technology imports and other undertakings involving the use of foreign capital were concluded. This was an increase of 70 percent over the total for the 4 preceding years. These transactions involved a total of U.S. \$85.15 million, an increase of 180 percent over the 4 preceding years. Of this total, U.S. 11.33 million were in foreign investments, and U.S. \$3.24 million in construction and labor contracts signed with foreign countries.

While opening further to the outside world, our province also greatly increased its economic contacts with other provinces and localities. In 1984, our province cooperated with over 20 other provinces, municipalities, and autonomous regions in over 500 projects, which helped introduce over 500 million yuan of capital into our province from outside.

Thanks to the attention it received, tourism developed. In 1984, our province's tourist department received a total of 82,000 people from foreign countries, Hong Kong, or Macao for sight-seeing or visiting relatives and friends, a 20.1 percent increase over 1983. Of these tourists, 20,200 were foreigners, an increase of 23.4 percent over the previous year; and 61,800 were compatriots from Hong Kong and Macao, an increase of 19.1 percent over the previous year. The total income in foreign exchange from tourism was U.S. \$1.16 million, an increase of 5.5 percent over the previous year.

## 7. Science, Technology, Education, Culture

The natural science research institutes in units under the system of public ownership boasted 5,255 scientific and technological personnel, an increase of 688 persons, or 15.1 percent, over the previous year. Some 422 scientific research achievements were made, of which, 102 were major. Artificial cultivation of young river crabs in half-diluted seawater won first prize from the state for scientific invention. New progress was also achieved in social science research.

Progress was made in education during the reform. The enrollment target of institutions of higher learning for 1985, set in the Sixth 5-Year Plan, was fulfilled in 1984, a year ahead of schedule. More school-age children were enrolled in schools. Considerable progress was made in education for staff and workers, and in adult education.

New post-graduate students enrolled in 1984 totaled 374, an increase of 129 over the previous year. The total enrollment of postgraduate students in 1984 were 1,010, an increase of 347 over the previous year. Some 16,200 freshmen were enrolled in institutions of higher learning in 1984, an increase of 2,600, or 18.7 percent, over the previous year. Some 48,600 students were studying in the institutions of higher learning in 1984, an increase of 5,000, or 11.4 percent, over the previous year. The number of college graduates in 1984 was 10,900, an increase of 395, or 3.8 percent, over the previous year. Some 42,800 adults were studying in the various institutions of higher learning under the adult education program, an increase of 10,800 adults, or 33.9 percent, over the previous year. New progress was made in the structural reform of secondary school education. Senior middle school enrollment in 1984 was 202,100 students, an increase of 12,700, or 6.7 percent, over the previous year. Total junior middle school enrollment in 1984 was 1.82 million, an increase of 51,400, or 2.9 percent, over the previous year. The total number of students studying in secondary specialized schools was 51,000, an increase of 8,000, or 18.8 percent, over the previous year. Total enrollment in agricultural and vocational middle schools was 74,600, an increase of 27,800, or 59.6 percent, over the previous year. Total enrollment in technical schools reached 12,500 last year. The number of primary school pupils was 7.23 million, an increase of 81,000, or 1.1 percent, over the previous year. Some 92.8 percent of preschoolers started school last year, compared with 89.9 percent in the previous year. Attention was paid to preschool education, and special education for the blind and deaf-mute.

New achievements were made in cultural, journalistic, radio and television, and other undertakings in the campaign to build up spiritual civilization.

The province boasted some 6,089 types of film projection units, an increase of 914 units over the previous year. It also had 127 performing arts troupes, 8 mass art museums, 104 cultural museums, 82 public libraries, 17 museums, 7 broadcasting stations, 13 broadcast transmission [fa she 4099 1410] and relay stations, 8 television central stations, and 16 television transmitting and relay stations of more than 1,000 watts. A new channel, channel 11, was added to the provincial television station.

There were 260 million copies of provincial newspapers issued in 1984, an increase of 57 million over the previous year's total. Magazines published totaled 9.71 million copies, topping the 1983 figure by 3.127 million. Books published totaled 145 million volumes, an increase of 7 million over the previous year.

#### 8. Public Health and Physical Education

Public health services continually developed. By the end of 1984, the province had 94,200 sickbeds, an increase of 2,900 over 1983. Of the total, 82,400 were hospital beds, topping the previous year by 2,700. The province had 120,000 specialized public health personnel, representing a 2.3 percent increase, or 2,700 in number. Of the total, 45,000 were doctors, a 1.9 percent increase; 20,300 were nurses, an increase of 7.4 percent. With the advance of the patriotic health campaign and disease prevention and treatment work, urban and rural sanitary conditions were improved.

Brilliant achievements were scored on the physical education front. Provincial athlete Xu Haifeng was awarded the first gold medal for the country at the 23d Olympic Games, thereby winning great glory for the nation as well as the province, and turning a magnificent page in China's physical education history. The unprecedentedly great enthusiasm for physical education demonstrated by the masses has raised the level of sports skills. In the province, 773 athletic meets at the county level and above were held, and athletes from the province won a total of 53 gold medals and 45 silver and 39 bronze medals at international and domestic competitions of all kinds in 1984. Anhui's athletes also rewrote the national record in two swimming events, and the Asian record in another swimming event. Last year was the best in the provincial history of physical education.

#### 9. People's Livelihood

With increases in the urban and rural people's incomes realized, the people's livelihood showed further improvement. An income survey of 1,200 peasant households selected at random indicated that their annual per capita net income averaged 322.97 yuan (including remittances by people working outside the province, social relief, interests earned from bank deposits, and other non-credit incomes). This figure represented a 6 percent, or 18.33 yuan, increase over the previous year. Of the total, the net income earned from production stood at 294.91 yuan, an increase of 8.8 percent, or 23.76 yuan, over the previous year. Among the 1,200 peasant households surveyed, the number, where the average per capita net income was more than 500 yuan, increased to 8.8 percent from the 1983 figure of 5.2 percent; that of households, where the average per capita net income was more than 400 yuan but less than 500, rose to 14.4

percent from the previous 11.4 percent; households, where the average per capita net income was more than 300 yuan but less than 400, increased to 29.8 percent from the 1983 figure of 29.7 percent; and that of households, where the average per capita net income was less than 300 yuan, decreased to 47 percent from the previous 53.7 percent. The number of households, where the average per capita net income was less than 150 yuan, decreased to 3 percent from the previous year's figure of 3.8 percent. A survey of the incomes and expenditures of 300 workers' households selected at random was conducted in the 5 cities of Hefei, Huainan, Wuhu, Anqing, and Fuyang. The survey indicated that their annual per capita livelihood expenses were 518.04 yuan, a 14.2 percent increase from the previous year's figure of 453.51 yuan. If the factor of commodity price increases was included, the actual increase in their annual per capita spending on livelihood was 11.9 percent.

The total number of jobless youths and other people out of a job in the urban areas, who were employed in 1984, plus the number of graduates from secondary specialized schools, colleges, and technical schools assigned to the province by the state, stood at 217,100. By the end of last year, the number of workers in the province was 3,984,000, representing an increase of 156,000 from the end of 1983. Of the total number of workers in the province, 2,712,000 were employed by state enterprises and units, an increase of 117,000 persons. The number of workers of collective-run enterprises and units in the urban areas stood at 1,270,000, an increase of 37,000, while self-employed urban individuals were 203,300 in number, an increase of 56,400 from the end of 1983.

Wages paid to staff members and workers totaled 3.32 billion yuan, an increase of 20.8 percent over the previous year. Of the total, bonuses rose by 71.8 percent, to account for 439 million yuan. The wages for staff members and workers of publicly-owned units stood at 2,507 million yuan, a rise of 22.9 percent, while those for staff members and workers of collectively-owned units were 816 million, a rise of 14.6 percent. The average monetary wages for staff members and workers in the province increased by 16.6 percent over last year to reach 855 yuan, and after adjustment in the cost-of-living index, the growth rate was 14.2 percent. Average wages for staff members and workers of publicly-owned units rose by 17.9 percent to total 943 yuan, while those for staff members and workers of collectively-owned units climbed by 12.4 percent to stand at 664 yuan. After adjustment in the cost-of-living index, they represent an increase of 15.5 percent in the cost-of-living index, they represent an increase of 15.5 percent and 10.1 percent respectively.

Labor protection work has been strengthened. In 1984, the number of people who died on duty fell 4.3 percent from a year earlier, and the number of those seriously injured dropped 10.5 percent. Governments at various levels paid more attention to social welfare. Collectively-owned enterprises in the province supported a total of 161,000 childless, aged, and disabled people and orphans. Old folks' homes in rural areas numbered 889 in 1984, quadrupling the figure for the previous year, and they sheltered 9,000 old folk, an increase of 35 percent. A total of 2,000 people were taken in by 48 social charity and children's charity institutions in urban areas.



Saving deposits of urban and rural inhabitants amounted to 2,831 million yuan by the end of last year, an increase of 730 million yuan, or 35.2 percent, over the end of 1983.

Floor space in newly-built housing units was 44.81 million square meters, of which 3,111,600 square meters were accounted for by houses built by publicly-owned and collectively-owned urban units, while 1,466,000 square meters were privately-owned houses in urban areas. Houses enlarged, rebuilt, and newly-constructed by rural commune members involved 38.49 million square meters.

#### 10. Population

The population of the province at the end of last year was 51.03 million.

According to a sample survey, involving 23,238 people of 24 neighborhoods and 164 village and resident groups in 6 cities and counties, the birthrate in 1984 was 16.17 percent; mortality rate, 5.52 percent; and natural population growth rate, 10.65 percent.

#### FOOTNOTES

1. Calculation of the total product of society and national income is based on 1984 prices; the growth rate, on comparable prices; and total output value of industry and agriculture, on 1980 fixed prices.
2. Industry, commerce, and wages of supply and marketing cooperatives in 1984 are included in the category of collectively-owned enterprises.
3. Total industrial output value of village and township industries includes that of township-run enterprises and enterprises under township level. According to the original rule, in this report, the total industrial output value of township-run industries is included in the total industrial output value, while the industrial output value of village-run, or even lower-level enterprises, is included in the total agricultural output value.

CSO: 4006/552

PROVINCIAL AFFAIRS

ANHUI GOVERNMENT WORK REPORT BY WANG YUZHAO

OW090521 Hefei ANHUI RIBAO in Chinese 17 Mar 85 pp 1, 3, 4

["Report on the work of the Government--delivered by Wang Yuzhao, Governor of Anhui Province, at the Third Session of the Sixth Anhui Provincial People's Congress on 9 March 1985"]

[Text] Fellow deputies:

On behalf of the Anhui Provincial People's Government, I now submit a report on the economic situation, the tasks for 1985, and the questions concerning reform of the economic structure of Anhui Province for Examination and approval by the current session.

I. The 1984 Economic Situation

Under the leadership of the party Central Committee, the State Council, and the Anhui provincial party committee, in 1984 we further consolidated and enhanced the excellent political and economic situation, promoted stability and unity, ensured efficiency in administration and harmony among the people, and brought about steady and coordinated economic development. We accelerated reforms in all fields, invigoration of domestic economy, and opening to the outside world; made great progresses in all work; and created an unprecedented vigorous situation of our economic life. In 1984 the province's total industrial and agricultural output value reached 33.96 billion yuan, up 17.9 percent from 1983. Provincial income [guo min shou ru 0948 3046 2392 0354] was 21,458 million yuan, up 16.2 percent from 1983 if calculated in terms of comparable prices. Provincial revenues [cai zheng shou ru 6299 2398 2392 0354] amounted to 2,438 million yuan, up 8.9 percent and registering the biggest increase in many years. All major targets set for 1985 by the Sixth 5-Year Plan, such as total industrial and agricultural output value, provincial income, productivity for full-time workers, and retail sales of commodities, were met 1 year ahead of schedule. By working hard together, the broad masses of workers, peasants, intellectuals, cadres, patriots in all circles, and PLA commanders and fighters in Anhui have created an excellent economic situation which exceeds people's expectations, and have laid a solid foundation for Anhui's economic development.

# 1. An All-around Bumper Agricultural Harvest and a Breakthrough in "Making Two Changes" in Rural Areas

In 1984 we again overcame various natural disasters and achieved a steady and all-around growth in agricultural production. The province's total agricultural output value was 15,457 million yuan, up 21.4 percent from 1983. Its total grain production was 44.05 billion jin, an increase of 9.5 percent over 1983 and averaging 864 jin per person among the province's population as a whole and 1,000 jin per person among the province's rural population. The outputs of industrial crops, forestry, animal husbandry, sideline undertakings, and fishery also increased to varying degrees. In 1984 the province produced 4,678,700 dan of cotton, 23.2 percent more than in 1983; 5,393,400 dan of jute and ambary hemp, up 57.8 percent; 860,900 dan of tea, up 6.7 percent; 386 million jin of eggs, up 24.46 percent; and 137,900 metric tons of aquatic products, up 13.4 percent. By the end of 1984, the province was raising 11,366,000 pigs, 12.13 percent more than in 1983. In 1984 the province afforested 1,959,000 mu of land; planted some 240 million trees near villages, along roads and streams, and by houses; and built 3.73 million mu of farmland shelter forests. All those tree-planting plans were overfulfilled, and afforestation quality was remarkably improved. Of the total agricultural output value, the proportion of the output value of rural forestry, animal husbandry, sideline undertakings, and fishery rose to 32.2 percent in 1984 from 25.7 percent in 1983. The per capita net income of the peasants was 323 yuan, up 6 percent from 1983. In 1984, 6 prefectures and cities and 23 counties (cities) in the province doubled their total agricultural output value, while a prefecture, a city, and 11 counties (cities) doubled their total grain production, as compared with 1978. While building up material civilization, the rural areas also made remarkable progress in building spiritual civilization. A remarkable feature of last year's rural economic development was the acceleration of specialization, development of community-oriented production, and development of large-scale commodity production, and the rapid spread of the output-related system of contracted responsibilities to all fields in rural areas. By the end of 1984, 75 percent of the water surface in the province which could be used for aquaculture was contracted to peasant collectives. The area of barren, hilly land contracted to well-to-do peasant families for development of production increased by 990 percent as compared with 1983. Specialized households, specialized villages, specialized townships, and various new economic associations consisted of 20.5 percent of the total peasant families. Village and town enterprises advanced in big strides and doubled their output value to reach 4.16 billion yuan. A new multi-level structure of village and town enterprises of various economic forms was taking shape. New progress was achieved in the development of small cities and towns. Nearly 1 million peasants entered cities and towns to engage in industry, commerce, construction work, and service trades, and this helped promote economic prosperity in both cities and the countryside. Insofar as Anhui's overall rural situation is concerned, 1984 can be said to be a year in which all-round growth in agricultural production was achieved despite natural disasters, a year in which the commodity economy developed vigorously and a breakthrough was achieved in the "two transformations" of rural areas. It was the best year in Anhui's history as far as the rural situation is concerned.

## 2. Industrial Development Was Accelerated and Efficiency and Speed Increased Simultaneously

Industrial production grew in an all-round way. Last year the provincial industrial output value was 18.5 billion yuan, an increase of 15.2 percent over the previous year; of this, the output value of light industry was 9,909 million yuan, an increase of 14.4 percent and the output of heavy industry was 8,595 million yuan, an increase of 16.1 percent. Light and heavy industries developed steadily in coordination. The number of counties (cities) whose industrial output topped 100 million yuan increased from 11 in 1983 to 23 last year. Industrial output of 16 counties (cities) doubled that of 1980. The internal structure of industry was further readjusted and the growth of the energy, raw materials, transportation, and postal and telecommunications industries was accelerated. Output of many products urgently needed by the national economy as well as many famous-brand light industrial goods in short supply increased markedly and their quality was upgraded. Total coal output was 27,556,000 dun, an increase of 9.3 percent. Output of locally run collieries increased by 737,000 dun, or 25.8 percent. Output of steel products rose 12.9 percent; motor vehicles, 96.8 percent; tractors, 2.1 times; and wool fabrics, 45.9 percent. Production of medium- and high-grade consumer durables including televisions, recorders, and washing machines also increased markedly. The province raised 10.84 million yuan by itself and built new roads totaling 1,790 km, thus initially changing the backward situation of insufficient transportation facilities for the development of commodity production. The volume of passenger transport by all locally run means of transportation totaled 230 million, and passenger carriage reached 7 billion person-km; the total volume of freight was 72 million dun and freight turnover totaled 5.6 billion dun-km, prefulfilling annual quotas. Among the 75 major industrial products subject to assessment, production of 66 increased over the previous year and 34 prefulfilled, 1 year ahead of schedule, the quotas set for 1985 by the Sixth 5-Year Plan. A number of quality, famous-brand products appeared, which received 8 state awards--2 gold and 6 silver--36 ministerial awards, and 325 provincial awards for their good quality. Production, sales, profits, and revenues and profits turned over to higher authorities all increased simultaneously, and industrial economic efficiency improved markedly. The total output value of state-owned industrial enterprises operating under the provincial budget rose 12.2 percent over the previous year; their income from sales of products, 13.1 percent; profits, 18.6 percent; and revenues and profits turned over to higher authorities, 10.38 percent, thus achieving "four simultaneous increases."

## 3. Stagnation in the Growth of Revenues Ended and Inspiring Progress Was Achieved

As the economy developed, inspiring progress was achieved in revenue and tax work. Despite increased expenditures in all areas and an increase in the peasants' and workers' income, the province's revenues last year were a record 2,438 million yuan, ending a situation of many years in which the province's revenues hovered around 2.2 billion yuan. Seventeen prefectures and cities of the province overfulfilled revenue plans and achieved all-round growth.

Expenditures rose 15.3 percent over the previous year. Revenues and expenditures were basically balanced, as had been the case in previous years, with a little surplus. After the system of apportioning local authorities' revenues and expenditures and fixing their responsibilities was introduced, 60 counties (cities) of our province needed fixed amounts of subsidies from the treasury. Last year the first batch of 18 major counties requiring the assistance of this special policy for economic development increased their revenues by 18.5 percent. Eight counties no longer need subsidies.

Financial institutions played a role in supporting production. The province's 1984 year-end balance of loans was 12.47 billion yuan, an increase of 2.34 billion yuan, or 22.3 percent, over the previous year. These loans, which were used mainly to carry out technical renovations, to develop village and town enterprises, and to support rural specialized households and all kinds of organizations of economic cooperation, helped promote the development of the commodity economy in both urban and rural areas.

#### 4. Dynamic Urban and Rural Markets; Unprecedentedly Vigorous Circulation

The all-round bumper agricultural harvest and sustained industrial development provides the market with an ample supply of commodities. With production promoting consumption and consumption stimulating production, urban and rural markets became unprecedentedly vigorous, prosperous, and thriving. Last year, sales of all categories of commodities generally rose and the difference between slack and peak seasons narrowed noticeably. Especially increasing by big margins were high-grade durable consumer goods and principal means of agricultural production. The retail sales of social commodities throughout the province totalled 11,951 million yuan, up 16.4 percent from the previous year. The retail sales of consumer goods in the countryside increased 17.5 percent, topping the increase rate for cities. Reforms in the circulation field were quickened and multichannel business transactions began developing. The commercial, supply and marketing, and grain departments throughout the province established over 300 trade centers and wholesale markets, thus directly linking production with marketing. This greatly helped reduce the number of circulation links and accelerate the flow of commodities. Over 3,200 urban and rural fairgrounds registered an aggregate transaction of over 2 billion yuan. With peasants taking part in circulation undertakings--doing business in cities and buying their own cars and boats for commodity shipment--urban and rural markets further expanded. A new situation emerged in the circulation field in which the state, collectives, and individuals all played a part and various forms of circulation competed with each other.

#### 5. Importance Attached to Policy of Opening to the Outside; New Situation in Economic-Technical Cooperation Opened Up

Last year the province signed a total of 196 contracts for utilizing foreign capital, importing technologies, and undertaking economic and technical cooperation in various forms. A total of \$79.65 million of foreign exchange was used last year, more than what had been utilized in the previous 4 years combined. Plans for exports, purchases, and imports were all overfulfilled.



At the same time, we conducted technical-service cooperation with and won construction contracts in African and Arab countries. Through the government-to-government channel, we undertook nearly 200 joint research projects with a number of economically developed countries. Last year foreign affairs and tourism undertakings also developed tremendously. We established friendly province-state relations with the lower saxony State of the Federal Republic of Germany and economic-trade special partnership cooperative relations with the state of Rheinland-pfalz. Following in the footsteps of Hefei, cities like Wuhu, Bangbu, and Anqing also established friendly ties with cities of other countries. The province now has trade relations with over 90 countries and regions. Our economic ties with foreign countries expanded.

By strengthening lateral ties and solidifying and developing economic cooperation with fraternal provinces, cities, and autonomous regions, our province has established economic and technical cooperation relations with over 20 provinces, cities, and autonomous regions. Furthermore, unitary cooperation has developed into multiple cooperation embracing the economic, technical, personnel, trade, and supply fields. Over 410 cooperation projects have been in effect in the coal, building materials, and light industrial fields, absorbing over 400 million yuan in capital from other provinces, of which 220 million yuan are for coal industry development.

#### 6. Major Development Items Emphasized; Technical Progress Achieved

To maintain a sustaining strength and ensure continuous economic development and steady increase of economic results, we made earnest efforts to firmly grasp the development in the following six major fields: agriculture, industries in support of agriculture, energy and communications, raw and semi-finished materials, food and feed industries, and education and science-technology. Marked results have been achieved. Last year our province made a total of 2.09 billion yuan investment in capital construction, 30.8 percent more than in the previous year. Major construction projects with 950 million yuan investment have been completed, overfulfilling the 1984 plan by 2.1 percent. The Anhui-Jiangxi Railway has been put into operation and the Ningguo Cement Plant has conducted a test run and will start production soon. The newly added productive capabilities are: 32.2 km of railway tracks, 235,000 tons of cement, 346 km of power transmission cables, and 235,000 mu of insured irrigated area. Great achievement in urban and rural construction was made. Hefei's experience in transforming its old city has been popularized. The ability of cities to serve production and the people's daily life has further increased. In the past year, the tempo of technical transformation and development obviously quickened. Some enterprises conducted production and technical transformation at the same time with good results. Others started technical transformation from the last or the middle section of the production process. Still others reorganized and joined efforts to quicken the transformation process. There were also enterprises that digested and absorbed imported technology and used new technology to transform traditional industries. Investment in technical transformation totalled 710 million yuan involving 1,816 projects, of which 852 have been completed and put into operation. The production capability of these projects is expected to increase output value by 900 million yuan and profits and taxes by over 200 million yuan.

## 7. Gratifying Achievements in Science, Technology, Culture, Education; Vigorous Development in Various Social Undertakings

Government at different levels has gradually put emphasis on cultural construction and set about remedying the incompatible situation in scientific, educational, and cultural undertakings and economic construction. Scientific and technological departments, gearing to the needs of economic construction, actively promote scientific and technological exchanges, disseminate scientific knowledge, deal in technological consultation and cooperation, and greatly promote and put into application the new scientific and technological achievements, thus obtaining good economic and social results. Of the 355 new scientific achievements scored in 1984, 237 yielded practical productive force and have been put into practical use in production. One has won Zhao Naigang and his colleagues at the Chuzhou Aquatic Research Institute a first-grade national scientific award; he developed a world advanced-level process of artificial breeding of river crab fry in half-saline water.

In education, an initial administration structural reform was conducted in accordance with the needs of "gearing to the modernization, to the world, and to the future." Institutes of higher learning added 12 new much-in-demand vocational courses and increased the proportion of enrollment by professional school students. There was fairly good development in middle-level professional schools and middle-level agricultural and vocational schools; and there was a marked increase in student enrollment. The enrollment rate of school-age children in the province increased from 89.9 percent in 1983 to 92.8 percent in 1984. Twenty-seven counties (cities) popularized primary school education. Adult education was very brisk. Last year saw an increase of 33.9 percent over 1983 in the enrollment of students at adult schools of higher learning. Adult students enrolled in middle-level professional schools increased by 3.6 times. Culture, publishing, press, broadcasting, and television departments did a massive job in the dissemination of principles and policies in socialist modernization construction, in promoting and disseminating new socialist habits, in cherishing creative works in literature and arts, in sponsoring many kinds of literary and artistic activities, and in enriching the people's spiritual life. There were new developments in medical, sanitary, and environmental protection work. Family planning achieved great results, meeting tasks set by the state on the natural growth of population, playing an important role in improving people's health, and raising population quality. Athletic work achieved great results, making a positive contribution to the strengthening of the people's body and to national honor. In 1984 athletes from our province won a total of 53 gold medals, 45 silver medals, and 39 bronze medals and broke 2 national swimming records in various domestic and international competitions. Last year, the best year in the sports history of the province, saw the emergence of a breed of outstanding athletes. Most heartening of all was Xue Haifeng of our province who got the first gold medal for our country at the 23d Olympic games, a great honor to the Chinese people and the socialist motherland. Employment work in the cities and townships developed fairly well. There were 143,000 jobs created last year in the province, among which 76.5 percent were in the collective and individual economic sectors. The unemployment rate in the cities and township was down by 2 percent.

An in-depth struggle was waged to severely crack down on criminal activities involving serious criminal cases and economic crimes, resulting in apparent improvement of social security in the province. At the same time, an education campaign in the legal system was extensively launched, and comprehensive ways to tackle problems were adopted. Massive work was done in implementing social security and the protection responsibility system, in mediating civil disputes, and in crime prevention, resulting in the strengthening of socialist legal system construction, the safeguarding and the promoting of economic structural reform in cities and townships, and the smooth progress of modernization construction.

The achievement of the excellent situation is the result of persistent reform. We analyzed the economics situation at the beginning of last year and held that, after the completion of the restructuring task, we should put more of our efforts into reform, especially into urban reform. As for the rural areas, we should, while centering on the "two transformations," continue to adopt various measures to support commodity production in the rural areas. As for the cities, we should stress four key points: First, we should simplify procedures and delegate power, give the powers back to the enterprises, and strengthen the vitality in the enterprises. Industrial enterprises' and commercial's secondary stations [er ji zhan 0059 4787 4541] under the administration of provincial departments and bureaus had been basically delegated to the administration of local prefectures and cities. Second, we should extensively set up various forms of sound economic responsibility system in the industrial and commercial enterprises in the cities. To this end, the provincial party committee and the provincial government specifically issued Document No. 17. Third, we should adjust leading bodies in the enterprise to enable a large number of middle-aged and young cadres equipped with professional knowledge and pioneer spirit to take up leading posts. Fourth, we should change the structure in state-owned enterprises, which is overly uniform in nature; permit the parallel existence of multiple economic form and multiple management; and actively encourage and support collective and individual economies. A mere start in last year's urban reform has already yielded marked results.

We review past work in order to further unify ideology and understanding, draw on experiences and lessons, overcome shortcomings, strengthen unity, and advance through explorations. While we examine the achievements, we should pay more attention to examining with a clear head the restricting factors in our province's economic development. We should examine problems still existing in the economic construction which are worth our attention: in the process of the transformation of rural production into a commodity economy, there is an imbalance in the agricultural structure, a low-level "over-consumption" of agricultural products, and a serious overstocking of grain and cotton. Despite a quickened pace and a higher efficiency in industrial production, the development in different areas and between different trades is still very unbalanced. Some enterprises still suffer heavy losses. There is an undue increase in consumption funds. Last year the total wages of workers and staff members in the province increased by 20.7 percent over previous year, exceeding the increases in industrial and agricultural output, people's income, and labor productivity. Because means to withdraw currency from circulation are insufficient, the surplus purchasing power in the cities and the countryside



puts rather big pressure on the market. Financial expenditures exceeded the annual budget by 18.9 percent, of which administrative expenses were overdrawn by an excessively big scale, with a 32.1-percent increase over last year. It is still difficult to improve fundamentally the energy shortage and the lack of construction capital in the near future, and this has restricted our province's economic development to a rather great degree. We must keep a clear head, be modest and prudent, guard against arrogance and rashness, strive to work in a down-to-earth manner, eliminate unfavorable factors, transform pressure into driving force, and bring into full play local advantages in order to advance our province's socialist modernization drive to a new stage.

## II. Continue To Advance Through Explorations and Fulfill the "Sixth 5-Year Plan" in an All-round Manner

The Fourth Anhui Provincial CPC Congress held recently set a goal of the economic development of the province in accordance with the magnificent goal of quadrupling the total annual industrial and agricultural output value of the country by the end of this century, which was put forward at the 12th party congress and on the basis of Anhui's current economic development. That is: By the end of this century, we should strive to achieve 6.25 times the total annual industrial and agricultural output value; and attain a well-off status in people's living standard; and the technology and equipment of major departments of national economy should attain the level of advanced countries in the early 1980's. During the Seventh 5-Year Plan period, development should accelerate and efforts should be made to build Anhui into a rather economically advanced province in 5 years. The total annual industrial and agricultural output value of the province should be around 60 billion yuan by 1990, with an approximate annual increase rate of 10 percent. Efforts should be made to catch up with or come close to the advanced levels of domestic counterparts of different trades in such major economic and technical targets as quality, consumption, profits, and tax payment. The per capita income of the province should double that of 1984. Financial revenues and expenditures should improve considerably.

To achieve this goal, we should firmly do a good job in this year's work. The major tasks for this year are: Implement economic structural reform in an all-round manner; continue to strengthen key construction while focusing on economic construction; arrange production and circulation on the basis of raising economic efficiency; strive to make breakthroughs in five areas--namely, the technological transformation of existing enterprises, the development of town and village enterprises, the readjustment of the setup of agricultural production, the opening to the outside world and the development of an open economy, and the development of consumer goods production and the tertiary industry; make bigger strides in economic development; fulfill in an all-round manner or overfulfill the various targets of the "Sixth 5-Year Plan"; and create good conditions for the economic development in the period of the "Seventh 5-Year Plan." The set major targets are: the total industrial and agricultural output value should reach 38 billion yuan, a 11.9-percent increase over the previous year; of which, the total industrial output value should reach 21.2 billion yuan, a 14.6-percent increase; and the total agricultural output value should reach 16.8 billion yuan, a 8.7 percent increase.

Efforts should be made to double the output value of town and village enterprises. The financial revenues should reach 2,614 million yuan, a 7.2-percent increase over the previous year. Considerable progress should be made in various social undertakings, and the people's living standard should be raised.

Fellow deputies! Our task in 1985 is arduous. However, we have many favorable conditions. Thanks to the elimination of our ideological chaos and to the economic readjustment carried out since the 3d Plenary Session of the 11th CPC Central Committee, the vast number of cadres and masses in our province have acquired a correct ideology in guiding our economic work and have basically brought the relations between the major sectors of our provincial economy into better balance. Our economic construction is on the path of sound development. Particularly after more than 5 years of successful rural reform characterized by the all-round institution of the multiform system of contracted responsibility based on the household with remuneration linked to output, our agriculture, which had been a headache for a long period, began to develop vigorously within a short time. Beginning this year, comprehensive economic structural reform focusing on the city is unfolding in an all-round, deep-going way. This will further remove the various malpractices that fetter the development of our productive forces and will enhance the vitality of our enterprises, arouse the initiative of the vast numbers of workers, and tap the tremendous potential of our urban economy. At the same time, the new world technological revolution and the increasingly strengthened international and interprovincial economic links have provided us with a good development opportunity. If we can seize the present favorable opportunity to mobilize the people throughout the province to make unremitting efforts to advance; unservingly implement the party line, principles, and policies adopted since the 3d Plenary session of the 11th CPC Central Committee; actively and soundly carry out the economic structural reform; step up the construction of key projects; accelerate technological progress; uphold the policy of opening us to the world and enlivening our economy; develop our intellectual resources; and enhance our capacity for long-term economic development, surely we can continuously develop our provincial economy rather quickly.

#### 1. Readjust Rural Production Structure and Actively Develop Village and Town Enterprises

Our rural production structure has begun to change after an initial reform. However, as far as the overall situation is concerned, we have not yet fundamentally changed its irrational structure, which is hampering the further development of rural commodity production and the raising of the peasants' initiatives. Therefore, in doing this year's rural work, we must implement the CPC Central Committee's Document No. 1 and place the emphasis of our work on readjusting rural production structure and transforming our grain production. We shall reduce the proportion of crops in the total agricultural output value from 68 percent in 1984 to 65 percent this year and raise the proportion of forestry, livestock, sideline, and fishery from 32 percent to 35 percent. While striving to raise the per-mu grain yields and grain quality and improve grain varieties, we shall rationally rearrange the distribution of grain and cash crops, vigorously develop economic and forage crops, and establish a new-type grain, fodder, and economic crops structure.

In the process of readjusting rural production structure and transforming grain production, various localities should choose to achieve a breakthrough in the following three key areas in light of their respective conditions:

The first key lies in vigorously developing livestock breeding and the aquatic products industry.

Comrade Yaobang recently pointed out: "In the next 30 years... China should uphold the policy of achieving a big growth in animal husbandry. Only when there is a big growth in animal husbandry and aquatic products industry can we change fundamentally the diets of the Chinese people and gradually replace grain with meat and milk as their staple food. To achieve this goal within a generation is a major task vital to the fundamental improvement of the physique of the Chinese people as a nation." Developing animal husbandry and the aquatic products industry and locally transforming surplus grain into meat, poultry, milk, and fish is vital to the goal of quadrupling our agricultural output value, promoting an all-round development of our rural economy, increasing peasants' income, reducing their work intensity, changing the people's diets, and benefiting our future generations. Transforming grain into meat, eggs, milk, and other animal products is a main road in transforming grain production. It is also a necessary trend. Despite some of the development in recent years, animal husbandry and the aquatic products industry are still a weak sector in Jiangsu's agriculture. Their proportion in the total agricultural output value even declined somewhat in the last 2 years. Pig output remained unchanged for many years. In 1983 Jiangsu's per capita meat consumption was only 20.7 jin; eggs, 6.1 jin; and milk, less than 1 jin; all lower than the national average. Therefore, we must speed up development to catch up with the national level.

Anhui has many favorable conditions and great potentials for developing animal husbandry and the aquatic products industry. The province as a whole has rich fodder resources and annually produces about 7 billion jin of concentrated feed, over 20 billion jin of crop straw, and over 40 million jin of animal protein feed which can be collected and used, plus large quantities of leftover bits and pieces of industrial material which can also be used. Peasants in rural areas have acquired traditional experience of breeding livestock and fowl, and they also have fine breeds by long-term selection. We must bring our superior position fully into play in line with local conditions and make full use of these conditions so as to change the backward situation in animal husbandry and the aquatic products industry as soon as possible. Therefore, it is necessary to adopt the following policies and measures:

Draw up a plan and set focal points. During the Seventh 5-Year Plan period, Anhui will develop mainly the breeding of hogs, poultry, dairy cows, dairy goats, and fish. The proportion of the output value of animal husbandry in the total agricultural output value must be raised to more than 15 percent from the present less than 13 percent. The proportion of the output value of fishery in the total agricultural output value must be raised to more than 2 percent. In 1985 the province as a whole must see total meat output reaching 660,000 tons, total egg output reaching 565 million jin, total milk output reaching 35 million jin, aquatic products reaching 160,000 tons, and

livestock and aquatic product output value reaching about 2.5 billion yuan. In all localities it is necessary to proceed from realities, formulate a plan well, and set the focal points for development.

Greatly develop the production of fodder and forage grass and disseminate mixed forage in an overall way. Anhui plans to produce 500,000 tons of mixed forage this year. First the province will provide 1 billion jin of grain purchased at prices set by the state monopoly. It will be processed into fodder to support breeding specialized households, feed specialized households, and livestock and aquatic products commodity bases. Over the past 2 years, our province has built 55 medium-sized forage plants. This year the province as a whole will again invest more than 23 million yuan in building 25 medium-sized forage plants. In addition, the province will import from abroad two medium-sized feed and mixed forage processing plants and see to it that each county or city will have a backbone plant. The province will also mobilize townships and towns and specialized households to run a number of small forage plants to gradually form a complete feed processing system. It is necessary to make efforts to develop the grass plot resources with a total acreage of more than 10 million mu and specify the right to use each grass plot. The grass plot will be contracted to each individual household on a long-term basis. In addition, it is necessary to introduce fine varieties of forage grass from elsewhere and disseminate them step by step.

Develop breeding specialized households, large specialized households, and specialized villages; continue to sign contracts on fish breeding; and promote the multipurpose development and utilization of water surface. It is necessary to offer assistance in taxation, loans, and forage supply. Departments and provinces must sign purchase contracts well.

Breed and disseminate good strains; popularize artificial insemination, frozen sperm breeding, and embryo transfer techniques; and do necessary introduction work well. Each prefecture and city must grasp a key county for the production of lean meat hogs, while each county must grasp a key township for the same purpose.

Implement in an overall way the various forms of contracted responsibility system for epizootic prevention. It is necessary to put prevention first. Carry out the policy of prevention and treatment, and set and improve the veterinary sanitation and epizootic prevention insurance system. It is necessary to guarantee epizootic prevention for healthy livestock, assure treatment for sick livestock, and make compensations for dead livestock. The township government and township economic organization must see to it that epizootic prevention and treatment personnel sign prevention and treatment insurance contracts with breeding households so as to control and eliminate livestock and poultry diseases.

Develop animal product and aquatic product multi-channel and direct circulation. It is necessary to permit state-run and collective-run units and individual households to establish agencies in cities and townships to purchase, process, and sell hogs, poultry, beef cattle, mutton, goats, rabbit hair, down, goat hide, eggs, fish, and other products. Production and marketing units may sign contracts on direct purchase, marketing, and transport.

The second key lies in vigorously developing township enterprises and transferring more labor force from agriculture as soon as possible.

Vigorously developing township enterprises is quite important in increasing peasants' incomes; reducing the difference between industry and agriculture; promoting co-prosperity of cities and the countryside; speeding up the developing of China's specialized, commodity-oriented, and modernized rural economy; and constructing socialism with Chinese characteristics.

Anhui has rich natural and labor resources, and its traffic on land and by water is convenient. Neighboring with economically developed coastal areas, Anhui can conveniently receive information and obtain able men, technology, and equipment from those places. There are numerous skillful craftsmen in its rural areas who have mastered traditional techniques and experience. In addition, Anhui has laid some foundation because of its development in the past few years. If we implement the policy correctly and strengthen our guidance, Anhui's township enterprises will certainly be able to leap forward. The provincial party committee and provincial government have decided that township enterprises must proceed from last year's great development and double their output value this year. To reach this goal, we must do the following work well.

We must open all avenues and develop the range and quality of production. The rural areas of our province already have a wide range of village and town enterprises, and the road of our production operations has been gradually widened. We must make the best use of the situation and quicken the tempo of consolidation and development. We must open all trades and professions for the peasants and actively render support. Taking the province as a whole, the focus should be on developing the animal feed industry, the food industry, the processing industry of other farm products, and the construction and building materials industry. The food processing industry's potential is very great. We must develop coarse and fine processing of grain, edible oil, livestock, poultry, aquatic products, fruits, and vegetables for the domestic and international markets. We must change the situation of selling only raw materials and enhance the value of farm products through processing to increase the peasants' income. We must also encourage the peasants to open mines and build roads and other infrastructure facilities.

We must bring into play all the active factors and promote industrial development by various means. It is essential that we simultaneously develop county, district, township (or town), village, joint household, and household industries, with the focus on the joint and individual household industries. Enterprises run by joint and individual households are directly tied to the interests of the masses and are therefore easy to run, and problems related to funds and equipment are easier to solve. It is for this reason that such enterprises have a bright future for development. It is also a shortcut to change our province's backward situation in the development of village and town enterprises and will realize high-speed development. The various localities must take effective measures to bring about greater development of the household enterprises as an important component of village and town enterprises, render ample services to them, and pay attention to guide them to form economic associations of various forms step by step.



All quarters must support the relaxation of policies. The development of village and town enterprises involves resources, funds, manpower, materials, equipment, qualified personnel, technology, information, and other production factors. It calls for the guidance of correct policies and vigorous support by parties concerned. In addition to continued implementation of the various policies of the central authorities and the province, we must make all-out efforts to support household and joint household enterprises. Agricultural banks and other credit departments must render support in terms of funds. The various localities must continue to encourage fund-raising by issuing stocks, recruiting manpower, and soliciting materials, technology, and credits. Furthermore, the industrial, commercial, taxation, material supply, and fuel departments must also render support.

The third key lies in strengthening the construction of small cities and towns to provide bases for developing secondary and tertiary industries in the rural areas.

The small cities and towns are bridges and links connecting cities and the countryside. They are the distributing centers and transshipment stations for commodity circulation between the cities and the countryside. They are also political, economic, cultural, and transport centers in the rural areas, as well as bases for developing secondary and tertiary industries by peasants. To properly build the small cities and towns will facilitate peasants to enter cities and towns to engage in industrial and commercial undertakings, and will be advantageous to accelerating commodity circulation; to attracting able people, technology, funds, and equipment from the cities to the countryside, and thus help develop the rural economy and reduce the difference between the cities and the countryside; and to developing culture, education, science and technology, and promoting the building of socialist spiritual civilization. It is indeed of great significance. In 1985 we must continue to implement the guidelines of the provincial conference on building small cities and towns which was held last year, and carry out "the Provisional Regulations on Several Issues Regarding the Building of Small Cities and Towns" by the Provincial CPC Committee and the Provincial People's Government. By adhering to the spirit of reform, we must solidly do the following tasks well: Properly formulate development plans. In the light of geographical, political, and economic conditions, the small cities and towns must develop their special characteristics by focusing on production, circulation, services, communications, and tourism. If there are still no plans, it is required in principle that plans be formulated by the end of 1985. Peasants should be encouraged to enter market towns to engage in industrial and commercial undertakings and other production. Such peasants should be given permanent household registration and be issued "certifications for households who are responsible for their own grain rations." Similar treatment can also be given to "illegal households" who are permanently residing in cities and towns. The small cities and towns should leave ample room and provide various conditions for the economic activities of the village and town enterprises. The construction of the infrastructure in small cities and towns must not rely solely on state investment. The localities must also raise funds by various means to renovate the old cities and towns and build new ones. Building materials allocated by the state to the small cities and towns must be utilized as

specified. The departments concerned must do well the job of housing design, building materials supply, layout of cities and towns, and technology demonstration. Presently, the various localities must, in the light of the layout of small cities and towns, extensively unfold joint operations between the cities and the countryside to gradually form economic cooperation zones through small factories bringing along a township, medium-sized factories bringing along a county, and large factories bringing along a large area.

We should bring the bridging and linking role of the small cities and towns into full play between the city and the countryside, promote city-countryside cooperation and exchange, establish a new city-countryside relationship, and encourage the coprosperity in the city and the countryside. Since the city's economic level is currently higher than that of the rural areas, we should especially stress the city's giving support to the rural areas. The city should bring its industrial advantage into play, take the "Bailan" (4101 5695) road, and assist the development of rural industry. Every city should seriously investigate the existing enterprises and products and make arrangements for them in order of importance and urgency. We should try our best to proliferate the production of spare parts and accessories to county towns, market towns, and individual households. This can be done through the organization of agricultural, industrial, and commercial associations in the form of "factory-town hookup," "product proliferation," "spare parts and accessories processing," and city-countryside joint and coordinated production of famous-brand products and those in short supply. To solve the problem of the lack of industrial installations in rural industry, we should fully use the idle installations in the city's industry to arm rural industry. This would, in turn, enable the large and medium-size enterprises to better concentrate on the development of sophisticated and top-quality new products. Also, we should step up the transfer of technology from the city to rural areas. Special attention should be given to the talent supply. Rural areas should be allowed to recruit talent in the cities. Furthermore, through in various ways, the city should help train personnel for rural areas. Institutes of higher learning and middle-level professional and technological schools should actively search for talent, study the potentiality of facilities, sponsor various professional courses, and train more personnel for rural areas. Scientific and technological personnel in the city may, after getting approval from their units, go to work in rural areas on a leave-without-pay basis. We should encourage departments concerned to organize teams of volunteer service and to provide various services including scientific and technological education as well as medical service to rural areas, especially remote and poor mountain areas. Anyone who has made great contributions working in such areas should be amply rewarded. The city should open its doors and welcome peasants to engage in production activities. The rural areas should open their "stockades" and supply more quality sideline agricultural products to the cities. In the new year, we should strive for a new development in the building of a new relationship between the city and the countryside.

We should continue strengthening capital construction in agriculture, do a good job in building irrigation works, improve conditions for agricultural production, and increase our ability to combat natural disasters. This year's key points are to do a good job in the strengthening of the Changjiang Great Dikey, the Huaihe Great Dikey, and the medium-sized reservoirs, as well as to do

a good job in the construction of four large flood-drainage areas along the Huaihe River, the Xuanlangguang area, the Dabieshan Mountain area and the levee area along the Changjiang River. Forestry production should give priority to ecological balance. Afforestation is to be chiefly in waste mountain areas, and a continuous good job in greening of plains and hilly areas should be kept up. We should pay attention to the utilization of the results of agricultural divisions and do a good job in area investigation and general analysis work in the structural readjustment of rural production. We should step up support to the mountainous and poor areas and help in their revitalization. We should do a really good job in rural energy development and energy conservation, greatly promote use of marsh gas and fuel-saving stoves, build small hydropower stations in the mountain areas, and conduct experiments in the use of solar energy.

## 2. Firmly Grasp the Technological Transformation and Step Up Technological Development

The State Council has proposed the implementation of the principles of chiefly aimed at transforming, reconstructing, and expanding the existing enterprise technology. This strategic policy totally corresponds to the real situation in the province. After 30 years of construction, the provincial industry has taken shape and the distribution of the productivity has already taken embryonic shape. Nevertheless, the technology in the provincial enterprises is backward, and the problem of outmoded equipment remains serious. There will be no upgrade of product quality and varieties and no decrease of production expenses and costs without transformation. The fierce competition will eliminate some enterprises which lack the strength for development. Technological transformation is a road to economic construction that requires a relatively short time and small investment, but yields big production and results. In the course of strengthening key constructions in energy, transportation, and others, we should exert great determination and effort in transforming existing enterprises, thus enabling them to shift as soon as possible to the foundation of modern technology and modern management.

It is necessary to draw up overall plans for the technological transformation of enterprises. In an orderly and systematic way, we must conduct technological transformation among the traditional major industries; the large and medium-sized backbone enterprises; the brand-name, quality, and special products; and new products. A total of 280 technological transformation projects are scheduled for the industrial sector in this year, with the focus on transforming the metallurgical, machinery, chemical, building materials, light and textile, and construction industries. Through technological transformation, it is planned to develop 1,500 new products and 500 quality products. At the same time, we must also strive to conserve energy and raw materials, reduce production cost, enhance production capacity, bring about substantial change in the enterprises' technological situation, constantly improve technological capability so as to enhance the enterprises' competitiveness and ability to adapt to new situations. Transport and telecommunications are the vanguard of economic development. In 1985, we must complete the Cizhang, Hewu, Wunan, and other trunk highways; technically revamp the key ports, link unconnected county roads; develop rural highways, particularly highways in mountains; and

dredge and maintain the existing waterways. We must also expand and renovate the Fuyang, Tunxi, and other military airfields; accelerate the renovation of the Fuhuai and Nanhui railroads; quicken the development of postal and telecommunications; upgrade telecommunications technology; rationally adjust the telecommunications networks; and actively utilize new telecommunications equipment in order to improve transport and telecommunications capability and service standards. The cities must upgrade the construction of public facilities. The cities must also conduct comprehensive environmental planning so as to quicken the pace of urban modernization. In drawing up plans for technological transformation, we must pay attention to integrating the importation of technology with technological transformation, actively adopt international standards, aim at the advanced domestic and international levels, and boldly introduce advanced technology, particularly the importation of single units of machinery. We must integrate the technology well and strive to make technical innovations. The large and medium-sized enterprises of the various localities and departments must draw up plans for technological transformation and progress as soon as possible.

In conducting technological transformation, it is essential to formulate corresponding policies to bring into play the initiative of the localities and enterprises. Priority must be given to the key technological transformation projects with regard to funds and material supply. It is estimated that the province can, by various means, raise one billion yuan for technological transformation this year.

The enterprises' 30 percent of depreciation funds originally stipulated for delivery to the state are now wholly returned for the enterprises' use. The financial departments will earmark special funds as credit loans for projects which produce good social effects and which are advantageous to improving product quality and changing product mix. Such loans will be repaid by profits generated by the technological transformation projects. Prior to the formulation of new regulations by the Central Government, the enterprises will deliver 50 percent of their profits to the state, with the rest for raising workers' wages. Generally speaking, both the enterprises and the workers and staff should benefit from technological progress. We must delegate power downward with regard to the examination and approval of technological transformation projects, simplify the examination and approval procedures for the use of loans, and expand enterprises' decision-making power with regard to the fixing of prices for new products and the distribution of goods. We must establish and firmly implement the responsibility system for technological transformation projects. Someone must be put in charge of each individual projects and held responsible for the project. Engineering projects must invite public bids. Funding, the construction schedule, and the quality of construction must be included in contracts. We should aim to produce more at an earlier time and with less investment in order to accelerate the pace of technological transformation.



### 3. Open the Gate Wide, Expand Domestic and Foreign Economic and Technological Cooperation

With the development of productivity, science and technology, and the closer relations of economic activities in a larger sphere, it is necessary to break through the limits of various rules and conventions to open up a wider market for commodity production. In such a new situation, anyone who wants to achieve development must strengthen domestic and foreign lateral relations; national seclusion cannot lead to modernization. Therefore, we should make full use of the geographical superiority of our province, which adjoins the advanced coastal provinces and cities in the east, and leads to the motherland's hinterland in the west; open the gate wide and carry out a policy of opening to other places at home and abroad; develop a multichannel, multilayer and multi-form economic and technological cooperation; utilize resources inside and outside our province; open domestic and foreign markets; learn to develop both domestic and foreign economic relations; and comprehensively enliven our province's economy through the policy of opening to the outside world and carrying out joint venture cooperation with other places domestically.

In opening to the outside world, it is necessary to continue to implement the "Circular on Opening Up As Soon As Possible a New Situation for the Work of Utilizing Foreign Capital and Importing Technology," issued by the provincial party committee and the provincial government, and establish more extensive, and closer, relations with the international economy. It is necessary to strive to make greater progress in the utilization of foreign capital, in the importation of technology, and in foreign trade. Before the end of this year, the provincial people's government will to send more economic and trade delegations abroad to seek fresh economic partners; step up the work of strengthening friendship bonds with our foreign provincial and municipal counterparts, at the same time; bring into play the initiative of prefectures, cities, counties, and large and medium-sized enterprises; and make use of all kinds of relationship to open up channels of contact with the outside world. Cities located along the Changjiang must accelerate construction, and strive to open to the outside world at an early date. Flexible measures will be adopted in carrying out the revenue policy for those enterprises under joint venture and cooperative management, as well as those run by foreign merchants with exclusive investments; and long-term preferential treatment will be given to those having difficulty in management. It is necessary to broaden the scope of importation with the understanding that, in addition to importing equipment, it is permissible to invite technical and management personnel from abroad to work in our province, or select and send cadres and workers with fine political qualities, enterprising spirit, and professional foundations to receive training abroad, especially for importing technology and talented personnel. Advanced preparatory work should be done for imported items, including full study and confirmation of the efficiency, the overall condition, and advanced technical nature of each item; and localities and departments should build warehouses for storage of items. It is necessary to accelerate steps to reform of foreign trade structure; extensively popularize agency systems: expand foreign trade; and strive to do more export jobs and make more foreign exchange. This year, the province will make efforts to reach the targets of utilizing \$50 million worth of foreign capital, importing 200



different items, concluding more than 100 million yuan worth of deals, and export earnings of \$358 million.

In opening to other places at home, it is necessary to positively consolidate, and develop, economic relations with the various fraternal provinces and cities, and expand the scope of cooperation with them, in accordance with the principle of developing what is good and discarding what is not, and of carrying out various types and forms of joint development with mutually favorable conditions and profitable results. It is not only necessary to welcome other places to open mines, build plants, and run stores in our province, but also to encourage the various localities and enterprises in our province to go to other provinces to jointly run various economic enterprises. At the same time, it is necessary to support various forms of joint venture and cooperation within the province. All trades and professions from the upper levels to the lower in the province should join hands in selecting the proper forms of cooperation, according to their respective, different characteristics and strong points. It is permissible to engage in cooperation in supplies and technology, or in funds, technology, personnel, and supplies combined. It is permissible to engage in one-time and temporary cooperation, or in medium- and long-term cooperation. It is permissible to engage in cooperation between units and between enterprises, or in comprehensive cooperation transcending enterprises, departments, and localities. In a word, it is necessary to adopt whatever forms can best bring the strong points into play, and yield the best results. We shall provide convenience and take proper care of all those who come to our province to engage in construction work of a developing nature, no matter what form they may adopt, regarding sites, labor, resources, architectural materials, construction forces, and credits. We shall give preferential treatment to them regarding economic interest, profit sharing, and product distribution. Through economic and technological cooperation, we can promote the rationalization of our province's economic structure and productivity distribution and accelerate the progress of our province's economic development.

#### 4. Enliven Circulation To Promote Further Economic Prosperity in Urban and Rural Areas

As a result of the development of production, both agricultural and sideline products and industrial goods have increased by large margins. This has made our circulation system increasingly unsuitable to the new situation of a developing commodity economy and unable to meet the needs of production, exchange, and people's life. Therefore, reforming our commercial structure according to socialist economic principles and readjusting our procurement and marketing policy and methods to enliven circulation and open up the market have become necessary to promote further industrial and agricultural growth and urban and rural economic prosperity.

1. We must reform the unified and fixed state procurement systems for agricultural and sideline products. Beginning this year, the state will no longer set unified or fixed procurement quotas for agricultural goods, with the exception of a few products. In keeping with this major reform, Anhui will appropriately readjust its procurement policy for major agricultural products.

Unified procurement of food grain and cotton will be replaced by contractual procurement. Contractual procurement of food grain will be limited to rice, wheat, and corn as well as to soybean and other produce produced in places north of Huaihe. After meeting contractual quotas, food grain and cotton as well as other farm and sideline products may be traded on the market freely and through all kinds of channels. Fixed procurement quotas for pigs, aquatic products, and vegetables will also be abolished and their prices will be decided by the market mechanism. Fixed procurement quotas for timber will also be abolished and timber markets will be opened. Reform of the unified and fixed procurement systems for agricultural products will allow peasants to have more decision-making power in production and management and to make production and management plans according to market needs. This will promote rational readjustment of our rural production structure and breathe new life into our rural economy. Agricultural goods will no longer be controlled by division in management, and processing and consumption units may directly sign contracts with the peasants. Peasants may also transport and market their own goods. This will encourage state commercial departments to actively take part in market regulation to further enliven the circulation of agricultural and sideline products.

We must complete the restructuring of the supply and marketing cooperatives in an all-round way. The restructuring of supply and marketing cooperatives has been going on for 2 years. We must seriously summarize our experience and carry restructuring through to the end. Supply and marketing cooperatives should truly become a multipurpose service center in the rural area. This is the main criterion in judging whether restructuring is successful or not. Particularly after the unified and fixed state procurement systems for agricultural and sideline products are abolished, supply and marketing cooperatives should break away from old conventions and open new service fields. For example, they may set up grain markets to help peasants sell and process their grain. They may vigorously develop processing industry and operate shipping, warehousing, and other tertiary industries. They may also undertake rural welfare programs to serve peasants and meet needs arising from the readjustment of the rural production structure.

We must seriously arrange urban and rural markets. There is a large surplus purchasing power in the market. The all-round unfolding of economic structural reform will result in a number of other market phenomena. State commercial departments should seriously study changes in supply and demand, actively take part in market regulation, and adopt various approaches to increase sales. We must continue to develop collective and individual commerce and encourage peasants to enter the circulation field. Consumer goods should be supplied directly to consumers by the producers through various channels to speed up their flow. Regional or trade barriers should be broken down. After the state has abolished the unified distribution of industrial goods, commerce departments should actively secure supplies. Some may set up domestic supply and marketing chains to exchange surplus products for needed supplies and alleviate shortages. We must also try to import more medium- and high-grade consumer goods that are in short supply. Industrial departments should speed up the development of light and textile industries according to the market situation. The policy of giving preferential treatment to light and textile industries in six areas should continue. Vigorous efforts should be made to produce quality, inexpensive, new-style, and readily salable goods to supply the market and help stimulate our economy.

##### 5. Strive to Increase Revenues, Economize on Expenditures, and Find Ways to Raise Construction Funds and to Put Them to Good and Flexible Use

Finance and banking are the major channels through which the state raises, distributes, and manages construction funds. Last year financial, tax, and banking departments in our province scored fruitful results in their work, and played an important role in supporting production and construction. This year they should continue to follow the correct guideline in business operations; foster correct views on economic matters; gradually change the old and conventional ways of doing things; master ways to manage finance, including methods of acquiring, accumulating, and spending money; and turn themselves into important economic management departments of the state. They should size up the economic situation, participate in the formulation of economic policies, and concentrate their efforts on improving economic results and developing productive forces. They should energetically support matters in need of their support, and promptly solve problems in need of solution. Support should be given primarily to the readjustment of the production structure in rural areas, the development of village and town enterprises, technical transformation in industrial enterprises, and the production of commodities and raw and semifinished materials in short supply. This will serve the accumulation and creation of financial resources.

Great efforts should be made in acquiring revenues. Collection and control of taxes should be further strengthened. Money due to the state should be collected promptly and in full by strictly implementing the tax policy, laws, and decrees of the state. No locality is allowed to unilaterally permit tax reductions. It is necessary to guard against tax evasion. During the second-stage reform of replacing profit delivery with taxation, tax departments will face even heavier tasks. It is necessary to further perfect the system of linking tax collection to personal responsibility, and arouse the enthusiasm and sense of responsibility of tax cadres so they will strive to fulfill and overfulfill this year's tax collection task.

It is necessary to properly and flexibly use the various kinds of credit and loan funds. Banks should strive to expand credit, insurance, and trust services; vigorously promote deposits; recover loans that are due; and speed up the withdrawal of currency from circulation, so as to make more credit and loan funds available. This year, in addition to maintaining macroscopic control and overall balance, the amount of loans in our province should surpass that of last year. It is necessary to tap funding potentials. Banks should consider the various needs of various enterprises and various seasons, and regulate funds well. We should guarantee support for a few selected important enterprises while giving equal attention to enterprises in general. We should ensure the smooth flow of funds between specialized banks and the various localities, see to it that surplus funds are used to make up for fund shortages, and give loans to the best customers. First of all, we should satisfy the production and construction needs of those enterprises that they have yielded better economic results and produced readily marketable goods, so as to put the funds to better use. While striving to use funds properly and flexibly, it is necessary to vigorously promote fund-raising drives in society. Great possibilities exist in this area. Attention should be directed at the

localities, the masses, and society at large, and various ways should be adopted to pool all idle funds for economic construction. The various ways for pooling funds include floating bonds; accepting securities, capital, technology, and real estate as shares; establishing joint urban-rural operations; and contributing funds as well as labor. The practice of extracting unwarranted fees in other areas should be resolutely checked. All kinds of extrabudgetary funds may also be introduced in making plans. Let the localities and enterprises handle those construction projects that take a shorter time to build, require less investment, and produce good results.

Financial expenditures should be tightly controlled through careful calculation and strict budgeting, and by taking one's capability into consideration. Since we are carrying out wage and price reform this year, funds should be planned in such a way that they will guarantee the success of reform and key projects, instead of being scattered for use in too many areas. Flexible financial resources of localities should first be used for urban construction, intellectual investment, and tertiary industry. In the main, loans should be used to pay for expenditures in production. In the case of administrative expenses, it is necessary to gradually change the "supply system" in which the state takes care of everything, and to adopt the method of circulating the available funds and paying a fee for the use of these funds. It is necessary to encourage frugality and to oppose extravagance and waste. The administrative budget this year will be reduced by 10 percent. The money saved will go to the financial authorities at all levels. The purchasing power of institutions will be reduced by 20 percent based on last year's amount. Meanwhile, it is necessary to tighten supervision over financial affairs, monetary matters, banking activities, and auditing work, and to strictly enforce financial and economic discipline.

#### 6. Develop Intellectual Resources, and Expand Cultural, Education, Scientific, and Technological Facilities

It is necessary to promote spiritual civilization while stepping up our efforts to build material civilization. Education in science and technology should be stressed as an important strategic measure; this requires reforms of educational and scientific research institutions. To develop our socialist cultural undertakings, we must emphasize the acquisition of knowledge and step up the training of capable personnel.

Rapid development of education is required. Higher education should be improved quantitatively on the premise of improving its quality. We should recruit more students for short-term colleges and applied speciality courses, adjust the ratio of personnel training levels to the number of speciality courses offered, and integrate teaching, scientific research, and production. Efforts should be made this year to tap the potentials of old schools so that they will be able to recruit more students and open 20 more specialities to meet the needs of economic growth. While no new universities offering only undergraduate courses will be established in the next several years, it is necessary to continuously consolidate and expand the existing comprehensive institutions of higher learning, audiovisual colleges, workers' colleges, evening universities, and colleges for managerial personnel. Further efforts are needed to promote adult education, workers' training, and technical



education for peasants. We should also endeavor to develop secondary specialized education and occupational training. The various prefectures, cities, departments, and large enterprises may set up secondary specialized schools and occupational schools to meet their own needs. They can draw up plans for reorganizing some ordinary middle schools into occupational schools. Rural areas should reorganize some of their 2-year ordinary senior middle schools into agricultural and other occupational schools to train students into technical workers and middle-level specialists who are needed by various sectors. To do so, it is necessary to adhere to the principle of employing only those who have completed their school education. Vigorous efforts will be made to popularize primary education, wipe out illiteracy, recruit more school-age children, and improve the graduation rate of elementary school students in the province this year as well as to increase the proportion of graduates entering middle schools. The key to popularizing primary education is to reform the management of elementary schools, acquire sufficient education funds, and improve the quality of teachers. It is necessary to urge the general public in urban and rural areas to pool education funds and set up more kindergartens. Work-study programs should be organized and an education surcharge may be collected from rural areas. But the practice of some schools to increase tuition rates at their own initiative must be stopped. To consolidate the teachers contingent and improve the quality of teaching, we must dismiss unqualified teachers. Middle and elementary schools in both urban and rural areas should be managed at separate levels.

The policy of directing science and technology to serve economic construction should be further implemented and our scientific and technological achievements should be put to use and popularized. The separation of scientific research and production must be resolutely corrected to facilitate the translation of our achievements in science and technology into productive forces. Our technology markets should be developed in the course of translating technological achievements into merchandise. Achievements in technology are the crystallization of the hard work of scientists and technicians. They are the most valued merchandise and their transfer should be paid for. Technology transfer can be carried out and completed through technological consultations, contracts, technical training, and introductory programs or price biddings. The price of technology transfer can be negotiated between buyer and seller under the principle of mutual benefit. It is necessary to adjust the structure of our scientific and technological organizations, encourage research and designing institutes to forge close links with production units, and strengthen the technical development capabilities of enterprises. In the rural areas, we should consider the actual conditions there and start diversified scientific research and production undertakings and technological service programs to meet the new situation in which the rural economy is becoming more specialized, commercialized, and modernized. Efforts should be made to reform the management of scientific and technological work and create a sound environment in which there is no lack of capable people who can be put in the right place and in which the outstanding ones among them can become prominent. To achieve this, it is necessary to be good at discovering capable persons, uniting with them, and putting them to use. There should be no restrictions to the flow of scientists and technicians who are badly needed in other places and units or in areas where they can give still better play to their role. There should be no restrictions to the flow of scientists and technicians who want to go to



rural and hilly areas or to the forefront of production from cities, government organizations, research institutes, or institutions of higher learning. We encourage and support such a flow. The work performance evaluation system in the selection, promotion, and commendation of scientific and technological personnel should be improved step by step, and the tendency of stressing seniority should be corrected so that the outstanding ones among them will be promoted faster than others.

It is also necessary to make headway this year in developing our cultural, public health, physical education, journalistic, publishing, and radio and television undertakings. The fundamental national policy of controlling population growth through family planning will be continuously implemented.

#### 7. Strengthen Public Security and Judicial Work and Strive for Further Improvement of Public Order

In order to ensure smooth progress of economic construction and a stable people's livelihood, we must continue to deepen the struggle against serious crimes, including serious economic crimes, and adopt various measures to overall improve public order. At the same time, we must pay close attention to improving administrative and economic laws and regulations, energetically publicize the legal system, and make the law permeate economic construction and people's life. In particular, we should do a good job in educating cadres and youngsters in the legal system. With the development of a commodity economy, the broad masses of cadres should study not only the various basic laws but also economic matters and economic laws and regulations, so that they will know policies and laws and become models in acting according to law. The work of educating youngsters should be done by the whole society. To ensure its success, public security, judicial, cultural and propaganda departments should work in cooperation with schools, the CYL, and trade unions. It is necessary to strengthen ideological and political work in the new period, to continue to carry out the movement of "five stresses, four beauties, and three loves" in a deepgoing and sustained manner, to energetically publicize communist morals and practices, to educate the people to have lofty ideals, moral integrity, education, and a sense of discipline, and to raise the building of spiritual civilization to a new level. We should guide the masses in their cultural and artistic life, and promote decent recreational activities. All localities should strengthen the building of the people's armed police force and militia, continue to do a good job in people's air defense, support the army and give preferential treatment to servicemen's families, and strengthen army-people and army-government unity. It is necessary to do a good job in civil affairs, in helping poor people and helping people tide over natural disasters and restore production, in urban employment, and in settling discharged servicemen. It is necessary to improve nationalities affairs work and religious work, to further consolidate the political situation, stability and unity, to create a good social environment, and to enable the broad masses of the people to have peace of mind and wholeheartedly engage in the four modernizations.

### III. Be Prudent at the Beginning, and Actively and Safely Do a Good Job in Reform of the Economic Structure

The "Decision of the CPC Central Committee on Reform of the Economic Structure" adopted by the 3d Plenary Session of the 12th CPC Central Committee is a programmatic document to guide the reform of the economic structure. We must seriously study and understand it, and resolutely implement it while taking account of realities. This year is the first year that we implement this central "decision." In overall reform, this is just the beginning. Therefore, we must be prudent at the beginning and ensure success in the initial stage. We should keep firmly to the general orientation and general objectives of the reform and lose no time in taking the important steps. We must be prudent in taking specific steps and actions, proceed with caution, and "ford the river by feeling for stones under our feet." We should explore in the course of practice. We should not rush headlong into mass action, and we must prevent big slipups.

#### 1. Seize the Central Link of the Economic Structural Reform and Further Strengthen the Vitality of Enterprises

Urban enterprises are the basic units engaged in community-oriented production and business operations, the cells of commodity economy, and the principal and direct economic undertakers. Only when enterprises are full of vitality, can the economy as a whole have vitality and the productive forces be rapidly developed. Last year we adopted a series of measures to invigorate small enterprises and collective-run enterprises. Now we should particularly pay attention to solving the question of the vitality of large and medium-sized state-run key enterprises.

To increase the vitality of enterprises, it is first necessary to establish a correct relationship between the state and enterprises, make a distinction between government and enterprise functions and responsibilities, streamline administration, and institute decentralization, to let enterprises have greater decision-making powers in production and operations. Facts have proved that the socialist economy requires macroeconomic and microeconomic management. Macroeconomic management means that the state organs should exercise management and make adjustments. Microeconomic management means that enterprises should manage themselves, within the framework of the state's unified planning. Only in this way can enterprises become relatively independent economic entities, and function as socialist commodity producers and dealers, operating independently and responsible for their own profits and losses, with the capability to transform and develop themselves. The streamlining of administration and decentralization should be carried out in two steps: The first is decentralization. This means that we should return to enterprises all power belonging to them. This includes transfer of enterprises to lower levels, and delegation of power to them. With the exception of a few special cases, all enterprises directly operated by provincial departments and bureaus, which have thus far not transferred to lower levels, should be transferred within the first half of this year to the cities in which they are located. The purpose of this is to give full play to the central role of cities in developing economic activities, with a view to gradually forming several open-type,

interconnected economic zones of different sizes, with the city as the center. City governments should also make a distinction between governments and enterprises with respect to functions and responsibilities, and should streamline administration and exercise decentralization. They should not resort to the old way of managing enterprises by mainly relying on administrative measures, thus avoiding the erection of new barriers between departments and regions. While transferring enterprises to the lower level, it is also necessary to delegate power to them. The 10 provisions on expansion of enterprises' decision-making powers, set by the State Council, and the various kinds of power given to enterprises by the "decision" of the CPC Central Committee, should be earnestly put into practice in enterprises. In no way should such power be reduced or "cut" when it is being transferred from the higher to the lower level, or should the power be ostensibly expanded, but actually reduced. Any instances of failure to actually delegate power should be corrected within the first half of this year. Every enterprise should boldly exercise the power which the CPC Central Committee and the State Council have given it. The second step is to streamline administration. In accordance with the principle of distinction between the functions and responsibilities of the Government and the enterprise, we should close down, merge, or simplify overlapping and intermediate units in various government departments, as the situation requires. Currently, it is imperative to strictly prohibit party, government, and army organizations and cadres from engaging in commercial activities and opening business enterprises, in compliance with the 3 December 1984 decision of the CPC Central Committee and the State Council. As for the various enterprises and corporations they have already established, serious efforts should be made to liquidate them to correct the problem. We should take it as an important task to rectify the problem of these business enterprises. Personnel of governments at all levels are not allowed to do business, or to serve as advisers or honorary directors of the board of various corporations, centers, or other economic entities. It is imperative to strictly ban such instances as taking advantage of one's position and exploiting the multiple price system to buy and resell materials, and engage in swindling for the purpose of making colossal profits. Such profits should be subject to heavy tax or confiscation. Those who have evaded tax should make up the tax payment, or be fined. Enterprises engaged in industrial production, transportation, technical consultations, and service trades can continue to exist, but they should have a correct orientation, and should function as really independent economic entities, responsible for their own profits and losses, and divorced from party, government, and army organizations in personnel, financial affairs, and material supplies. Corporations established by economic departments should also be dealt with, according to their different cases, on the basis of the established policy. If they are of the nature of economic entities, they should be consolidated and developed. If they are semi-economic and semi-governmental in nature, they should be gradually transformed into economic entities, where conditions permit. If conditions to transform them into economic entities do not exist, and if government administration is necessary, they may be changed into government administrative organs or associations of the relevant trades. Pure government corporations are not suitable for flexible enterprise operations, and are not needed in the administration of various trades. They should be resolutely closed down. This work should be completed within the first half of this year. Enterprises should be allowed to withdraw their

shares from their present corporations, take part in other corporations, or cooperate with other enterprises in joint operations.

To increase the vitality of enterprises, it is necessary to establish a correct relationship between staff members and workers on the one hand, and enterprises on the other. Laborers are the most vigorous factor in the social productive force, and staff members and workers are the masters of socialist enterprises. The vitality of enterprises comes from the initiative, wisdom, and creativity of the broad masses of staff members and workers. To increase the vitality of enterprises: First, we should guarantee the right of staff members and workers to participate in the democratic management of the enterprises, and respect their position as the masters of those enterprises. It is necessary to improve the system of congresses of staff members and workers and various democratic management systems, and give full scope to the role of trade unions and congresses of staff members and workers in examining and discussing enterprises' major policy decisions, supervising the work of administrative leadership, and protecting the legal rights and interests of staff members and workers. Second, we should establish, and improve, various economic responsibility systems based mainly on contracts, to make clear the functions, responsibilities, and work demands of each post and individual staff member and worker, and to closely integrate their rights, responsibilities, and interests. At the same time, it is necessary to strengthen labor protection, improve work conditions, and ensure safety in production. Bit enterprises should pay attention to giving play to the role of workshops. A contract system and independent accounting may be practiced in workshops, according to their specialized work under the plant's leadership. Third, it is necessary to systematically institute the system, under which the factory director (manager) assumes full responsibility, in order to eliminate such defects as tardy policy decisions, poor economic results, nobody assuming responsibility, lacking the authority to assume responsibility, or not being able to assume responsibility. The director (manager) must assume full responsibility for his factory or enterprise, and exercise unified control over its production. At the same time, he represents the interests of the state. Therefore, he must place the interests of the state above all else, and should try to correctly handle relations between the state, the enterprise, and its staff members and workers. Fourth, it is necessary to overcome egalitarianism, earnestly carry out the principle of distribution according to work, and put into full play the enthusiasm, wisdom, and creativity of staff members and workers, to ensure the fathomless vitality of enterprises.

Relevant policy measures must be adopted to invigorate enterprises. We have organized people to study the question of invigorating enterprises, and related policy measures have been adopted. For big and medium-sized enterprises, which have a high standard of management and operation, make substantial contributions to the state, and are permitted to keep only a small portion of their profits, regulation tax will be gradually reduced, and the quota fixed by mandatory plans will be properly lowered; mandatory plans for enterprises will be uniform for all, and no level will be allowed to increase their quotas; enterprises will be given some leeway in overfulfilling production quotas by about 10 percent; as for products coming under the unified allocation of the state, a portion of them may be retained by enterprises for their own marketing, according to a ratio fixed by state regulations. Enterprises will be

allowed to retain all products after they have fulfilled the state production quotas, and regulation tax will be exempted from income obtained through the sale of the above-quota products. Enterprises will be granted more power in dealing with foreign countries. With the approval of higher authorities, big enterprises having the ability to do business with foreign countries may go directly into the export business. Big enterprises are allowed to engage in diversified undertakings in cooperation with enterprises of other trades. Enterprises should be encouraged to proliferate their products, and to enter into specialized cooperation, and no further tax will be imposed on the proliferated products or spare parts. Newly increased profits obtained through the use of enterprises' own funds, or through joint operation with other enterprises will either enjoy tax reduction or exemption. The labor and personnel system will be reformed. Policies, which facilitate enterprises' technical transformation, will be adopted. Enterprises will be encouraged to tap their potential and make use of their favorable conditions to improve operation, produce new products, increase production, raise the quality of products, and upgrade economic results.

## 2. Vigorously, but Systematically, Promote reform of the Planning System, and Give Full Play to the Role of the Market

In undertaking reform of the planning system, we must first eliminate the traditional concept of setting a planned, against a commodity, economy. China's socialist economy is a planned commodity economy, based on the system of public ownership. In developing the economy of our society the full development of a commodity economy cannot be omitted, because it is a compulsory condition for achieving economic modernization in China. In planning management, it is necessary to establish a unified and flexible planning system by relying on, and applying, the law of value. Efforts must be made to ensure the appropriate proportions between the major economic branches, and to promote the proportionate and coordinated development of the national economy through planned overall balance, regulation by economic means, and by keeping a firm grip on major aspects, while allowing flexibility in minor.

In reforming the planning system, we should primarily, systematically, and properly scale down the scope of mandatory planning; correctly expand the scope of guidance planning and market regulation; implement mandatory planning for some of the major products affecting the national economy and the people's livelihood, which must be allocated and distributed by the state, and for major economic activities having a bearing on the entire nation; implement guidance planning for other major products and ordinary economic activities; and allow the market to regulate agricultural and sideline products, small articles for daily use, and labor activities, such as the service and repair trades. An important task for our planning work in 1985 is to adopt effective measures and proper methods for implementing the provincial government's "suggestions" for improving our province's planning system, and to make revisions and additions in the course of implementing them.

At the same time, we must act according to the party Central Committee's plan, and draw up a program for the overall reform of our province's planning system.



In view of present conditions, guidance planning will be practiced, beginning this year, for the production of all major agricultural products, the purchase of which will be fulfilled by signing contracts with the peasants. Among industrial products, only the production and purchase of some important products will be included in the mandatory planning, and there should be good linkups of principal conditions for their production. Guidance planning will be practiced for the production and purchase of other major industrial products, and for transportation, posts, and telecommunications. The production and purchase of all other products, as well as economic activities not covered by the above two forms of planning, will be left to market regulation. Regarding investments in fixed assets, the power to examine, and approve, investment items will be transferred to the lower level, and examination and approval procedures simplified, provided that the scope of construction as a whole is under control. In the supply area distribution, the province will practice planned distribution for only 19 categories of products, including coal, heavy oil, rolled steel, lumber, cement, sodium carbonate, rubber, and motor vehicles. The principle of their distribution is to guarantee the needs of key production, construction, or technical renovation projects. The supplies needed in other sectors will be allotted to the various localities, based on the planned distribution targets for 1984. Any shortages in the supplies needed will be solved through market regulation. While carrying out reform of the planning structure, focus of planning work will be simultaneously shifted to medium and long term plans to do a good job in formulating the Seventh 5-Year Plan. Efforts will be needed to improve the method of planning, actively practice various forms of contract responsibility system for the implementation of plans, pay full attention to economic information and forecasts, and enhance the scientific nature of planning.

### 3. Resolutely and Carefully Carry Out Reform of the Pricing Structure and Wage System, and Comprehensively Give Scope to the Role of Various Economic Levers

There are many unreasonable elements in the pricing and wage systems currently in effect. Pricing cannot reflect value and the relationship between supply and demand. Wages cannot reflect the actual labor of the workers and staff. These drawbacks have become the major obstacles to the efforts to put economic relations in order, mobilize the initiative of the workers and staff, and ensure the normal operation of the national economy. Reforms are now inevitable. Reforms in the areas of prices and wages must be carried out with the prudent attitude of being both resolute and careful, because prices and wages constitute the most sensitive link in economic life. They relate to every sector of economic life, and also involve millions of families.

Reform of the pricing structure should be carried out systematically, in an orderly manner. Since reform of the pricing structure is the key to the success or failure of reform of the entire economic structure, it calls for a forward and backward look, unified planning with due consideration for all concerned, careful arrangement, and meticulous organization. The central authorities have decided that the focal point of this year's reform of the pricing structure will be lifting control in the price of pigs, adjusting rural grain purchases and marketing prices, and appropriately raising railway short-haul transport fees. In the meantime, quality, regional, and seasonal

price differences will be broadened to put economic relations in order. These reform measures are to be adopted after taking full consideration of the treasury's capability to shoulder the load, the digestive capability of the enterprise, and the capability of the masses to carry the load, and they will be useful in the development of the entire economy. Since reform of the pricing structure will affect everything, unified plans by the central and provincial authorities must be followed in deciding what needs, and what does not need, price adjustment, and what price controls should be lifted or maintained. It is not permissible for each locality to go its own way, nor is anyone allowed to wilfully expand the variety and scope of products for price adjustment.

In the wake of the abolition of the system of unified and assigned purchase of farm and sideline products, reform of the pricing structure will first begin in the agricultural sector. Prices of the portion of grain and cotton to be purchased by the state will be determined in a proportionate way. The portion of grain and cotton outside the state contract purchase may be freely sold by the peasants at the market price. If this outside-contract portion is sold to the state, the state will purchase it at a protective price. After price adjustment is made in the countryside for grain purchase and sale, further steps should be taken to carry out the policy of assistance to the old revolutionary base, poor mountain, and disaster areas, to help develop their economy in various ways. The price control on pigs, vegetables, aquatic product, and other farm and sideline products will be gradually lifted, in order to practice the system of purchase and sale at a negotiated price. After the price control on pigs is lifted, appropriate subsidies will be offered urban residents, who are consumers of commodity grain. It is especially necessary to make sure the quality of meals is not lowered for students of institutions of higher learning, special, and technical secondary schools. State-owned food companies should actively manage, and take part in, market regulation. They will be allowed to retain part of the state funds originally allotted to cover operational deficits. In addition, the state will provide them with fodder grain at the price for unified purchase. Control over vegetable prices has been lifted in most cities in our province. Individual cities, which have yet to do so, should actively lift controls. Three things must be adhered to after lifting controls over vegetable prices: First, we must not provide subsidies to residents; second, linking food grain of vegetable growers with vegetable purchases--this means that vegetable growers, who sell their products to vegetable companies at government prices, will be allowed to buy food grain at government prices, and those who do not sell their products to vegetable companies will have to buy 30 percent of their food grain at the unified purchase price, and 70 percent at the subsidized above-quota purchase price, or they will have to buy their food grain at market prices; third, operational subsidies given to vegetable companies will not be recovered, in order to make them play the role of market regulation. On the question of purchasing and marketing timber, we have to purchase more than 200,000 cubic meters of timber in the collective forestry districts after abolition of unified purchase of timber by the state. Various methods should be adopted to buy the timber at negotiated prices. Planning and supply departments may use chemical fertilizers, small tractors, automobiles, steel products, cement, coal, and products in short supply to exchange for timber

in these districts, or the method of investment in forestry may be used in exchange for timber. At the same time, we may import timber with our foreign exchange, in order to regulate the market. It is not permitted to arbitrarily raise the prices of pens, matches, paper, furniture, and other products directly affecting the people's livelihood. After the lifting of controls over timber prices, enterprises dealing in timber purchased at unified prices in the collective forestry areas should actively take part in market regulation, or switch to their lines of production, such as transportation or the service trades. Lumbering must be put under control through a system of issuing permits for lumberjacks, to prevent indiscriminate tree felling.

Arbitrary raising of prices will be strictly prohibited. State-planned prices must be implemented for planned products manufactured by state-owned and collective enterprises. Such enterprises may raise the prices of the above-quota products they retain, but the margin of increase may not exceed the limits set by state regulations. Commodity price departments at all levels must assume supervision responsibility, and should take the initiative in attacking the problem of indiscriminate raising of commodity prices. Departments concerned should take joint action in attacking such problems. They should strictly act within their price control power, and mete out legal, administrative, and economic punishment to those who commit the offenses of arbitrarily raising prices, raising prices under disguise, cheating on prices, buying and reselling for profit, and arbitrarily raising fees.

We must do a good job in reforming our wage system in a planned and systematic way. Our guiding principle and fundamental methods for carrying out reform in this respect are to link the wages and bonuses of staff members and workers with the economic performance of their enterprises, and to allow the total wage of the staff members and workers to fluctuate, and depend on the enterprise's economic results. The state will control only the ratio between the total wage and fluctuating economic results. The method of distributing wages within an enterprise will be decided by the enterprise itself, according to state policies and the actual conditions within the enterprise. In state organs and institutions, it is necessary to closely link the wages of staff members and workers with their job responsibility and performance, and to put into effect a structural wage system, with wages appropriate to posts as the main content. The purpose of reforming the wage system is to increase the wages for the majority of government functionaries, to solve the problem of comparatively low wages for people who do mental labor, and to increase, by a greater margin, the wages of middle-aged professionals, particularly teachers in secondary and middle schools. Henceforth, the total wage of staff members and workers will be proportionately readjusted, according to the development of production and the increase in national income, thereby eliminating the abnormal practice of wage readjustment existing in the past.

It must be clearly understood that the reform of wages this year is aimed at basically clarifying wage relations, paving the way for instituting a new wage system, and eliminating egalitarianism and the prevailing defect of "everybody eating from the same big pot" in the distribution of wages, thereby invigorating enterprises and enhancing the enthusiasm of staff members and workers. This is not a simple matter of readjusting grades and wages. In

view of the limited financial power of the state, wage increases cannot be very substantial. The masses of staff members and workers must be made to understand this point. Currently, people have asked for too much. They like to compare themselves with others, and believe that the wage increase is not realistic. It is necessary to correctly publicize the significance of wage reform, and explain to the people that, although our financial power has improved, we are not yet rich. The masses should be made to proceed from the interests of the whole, and to understand that the present wage reform program is the best that can be adopted under present circumstances. The masses should be guided to work hard for the prosperity of the state, and to turn their attention to creating a fundamental turn for the better in the financial and economic situation throughout the country. It is necessary to do a good job in making preparations for carrying out wage reform. As for the problem which arose last year of trying to boost the total amount of wages by indiscriminately increasing wages and issuing bonuses, our labor, personnel, banking, financial, and auditing departments should closely coordinate with one another and take a serious attitude to make clear and rectify the problem. Unreasonable portions should be eliminated, and any bonus which exceeds 2 and 1/2 months of regular wages should be subject to an excess bonus tax. We should never allow those who are dishonest to gain and those who are honest to lose. State organs and establishments should not carry out self-financed reform of their wage systems, set up their own wage scales, or establish their own wage policies. Establishments which conduct enterprise-type management and are economically independent may act in the same way as enterprises. In so doing, however, they should not carry out the same kind of wage reform as other state organs or establishments. In other words, they should not take advantage of both. Strict control should be exercised over structural organization and cadre management, and it is prohibited to arbitrarily set up or upgrade units, give crash promotions to cadres, and make false job evaluations. If a certain level does not act according to regulations, it should be held responsible for solving contradictions and dealing with the consequences it has caused. The wage reform to be carried out by state-owned enterprises whereby the total wage amount is linked to and fluctuates with the amount of tax should be put into practice in a planned and well-guided way and by stages with a certain number of enterprises carrying out the reform each time. The progress of the work depends on the degree of ripeness of conditions, and in no way should all enterprises do this at the same time. Where conditions this year are not yet ripe for linking the amount of wage to the amount of tax, enterprises can still use their old wage system. Collective, village, and town enterprises should maintain an appropriate accumulation-consumption ratio in the distribution of revenue and avoid dividing all and spending all so as to have enough funds to expand reproduction. In reforming the wage system, it is imperative to comply with the requirements set by the central authorities, pay attention to exercising macroeconomic control over the total amount of wage, and especially prohibit such instances as indiscriminate issuance of bonuses, subsidies, and materials and random promotion of grades so as to ensure smooth progress of this reform.

We should speed up the reform of the financial and banking systems. The State Council has decided that a new financial system characterized by "determining the taxes to be paid, verifying revenue and expenditure, and fixing responsibilities at the various levels" should be implemented in all provinces.



municipalities, and autonomous regions beginning 1985; once the various norms are fixed, they will remain unchanged for 5 years. The province should also see to it that its cities and counties "eat from different pots and shoulder their respective responsibilities," and should uphold the principle that expenditure at a certain level is borne by that level. Banking is a major economic lever and should be used to the fullest extent in regulating supply and demand of funds in society. It is necessary to enliven banking work step by step; to put into practice the new management system for bank credit loan funds characterized by "unified planning, apportioning of funds, substantive loans and deposits, and mutual supplement"; and to open up new areas of service.

To sum it up, in reforming the whole economic structure, we should attach great importance to macroeconomic regulation and be adept at using the various economic means, including prices, wages, finances, taxes, and credit loans, to regulate economic relations among the various quarters on the basis of timely understanding of the economic trend so as to bring about coordinated development of the whole society's economy.

#### 4. Improve Government Work To Serve Economic Reinvigoration

To lead and organize economic construction is a fundamental function of government organs at all levels in a socialist country. The function of government organs in managing economy is to make good policy decisions concerning the macroeconomy, to formulate the strategy, plans, principles, and policies for economic and social development, to formulate and enforce economic laws and regulations, to control and use the means of economic regulation, to carry out supervision, inspection, organization, and coordination, and to provide information. Governments at all levels must resolutely enforce the division of duties between the administration and enterprises; they must streamline administration and delegate powers to lower levels. They must discuss those things that are of importance, understand the whole situation, be concerned about what goes on in their own departments, break free from daily routines to concentrate efforts on and pay attention to using the various macroeconomic means to promote the reasonable operation of the economy.

As an important component part of the superstructure, government organs must serve the economic base, serve grassroots units, and serve enterprises. This is an important guideline for us to do government work well. For a long time in the past, government organs used to rely on their administrative powers and adopt administrative methods to command grassroots units and dominate enterprises, making the latter run around them in circles. This phenomenon must change as soon as possible. Government organs at all levels must enthusiastically perform various kinds of services for grassroots units and enterprises. This includes providing market information and legal services, handling requests for economic and technical consultation, organizing the development of technologies and training talented people, helping the development of lateral economic ties, and providing related production and daily life services. It is a drastic change to turn from "giving command" to "offering services." This change reflects the in-depth transformation taking place in the socialist superstructure. It is important to eliminate the long-standing bureaucratic malpractices prevailing in government departments at all



levels, such as overlapping and overstaffed organs, absence of clear job classifications, and the practice of arguing back and forth. Government organs and functionaries at all levels must speed up the process of this change in such areas as ideology, work, and style of work. They must make conscious efforts to become good "service clerks," provide well-liked services and really win the trust of grassroots units and enterprises, and accelerate the development of economic construction by offering good quality and high-level services to them.

In the new situation characterized by reform of the economic structure and fast development of the four modernizations, governments at all levels, particularly departments in charge of economic work, must maintain a clear mind, uphold the ideological principle of seeking truth from facts, make diligent efforts, and do their work in a down-to-earth way. Act as much and talk as little as possible, act before talking, and talk about nothing that is not of significance anywhere. Refrain from practicing formalism, assuming "haughty airs," or raising a hue and cry. Careful preparations and well-conceived arrangements should be made for every step taken in the reform. Guard against rashness, and make sure that work is done effectively, thoroughly, and meticulously. The economy is like a vast ocean, and reforms are extremely complicated. There is much about exploratory and creative undertakings of a mass character that we do not understand, or can find explained in any book. The only thing we can do is to carry out investigation and study, and gain experience through practice. It is necessary to build the habit of plunging into reality and constantly studying new situations and new problems. Learn in the course of practice, and make improvement through study. Responsible comrades of governments and departments at all levels--first of all, leading cadres of economic departments--should respond to the central authorities by getting personally involved in the entire process of enterprise reform in order to acquire the experience and competence needed to lead the reform of the economic structure and the modernization drive.

It is necessary to strengthen leadership over economic work and the current reform. While striving to achieve microeconomic invigoration, governments at all levels should use more time to study and analyze some macroeconomic problems, improve management work through macroeconomic means, strengthen discipline and, in the interest of promoting reform, set higher standards of social conduct and create a sound political environment of stability and unity in which everyone observes discipline. Currently the biggest problem is the disobeying of orders, a malpractice which must be resolutely corrected. The highest form of observing discipline is to implement the party's policies and state laws. This is the guarantee for success of the current reform. Typical violations of law and discipline and typical cases of corruption and fraud perpetrated under the name of reform must be sternly dealt with. Those who are involved and whose offenses deserve dismissal or prosecution must be dismissed from office or prosecuted. Banks and finance, tax, audit, statistics, commodity prices, labor and personnel departments, as well as industry and commerce administrations, must effectively perform their examination and supervisory duties. Although our situation is developing favorably, we must reiterate the principle of building our country through diligence and thrift and of making arduous struggle. We must carry forward the fine traditions and work style of our party and government. Staff of state organs should guard

against arrogance and complacency, and be honest in performing their official duties. We must keep in mind the overall situation of the four modernizations drive, identify ourselves with the central authorities, unify our understanding, and unite our efforts. We must observe discipline, implement orders, refrain from doing things that are prohibited, and ensure that the current reform will unfold along the correct orientation.

Fellow deputies,

The present is most favorable for us to revitalize Anhui's economy. Time and tide wait for no man. Under the correct leadership of the party Central Committee and the State Council, we must seize this golden opportunity, unite with the people in the province, work together with one heart, and be resolved to carry out reform. We must have ideals and morals, be cultured, and observe discipline. While striving with one mind to achieve the four modernizations, we must have full confidence and courage, surmount all kinds of difficulties on the road of advance, write a brilliant page in the history of revitalizing the Chinese nation and building Anhui Province, and work hard to attain the magnificent goals set by the 12th CPC National Congress.

CSO: 4006/552

PROVINCIAL AFFAIRS

SHANXI RIBAO CARRIES 1984 PROVINCIAL STATISTICS

HK161100 Taiyuan SHANXI RIBAO in Chinese 27 Mar 85 p 2

[Report by the Shanxi Provincial Statistics Bureau: "Results of Carrying Out the 1984 National Economic and Social Development Plan"--issued on 27 March 1985]

[Text] Under the leadership of the provincial CPC committee and provincial government, the people of Shanxi Province have further implemented the policy of enlivening the domestic economy and opening to the outside world and endeavored to create a new situation in the work of all fields to speed toward the general target of establishing energy and heavy and chemical industrial bases in this province, thus achieving remarkable successes in carrying out the 1984 national economic and social development plan. According to preliminary statistics, the annual gross social product could reach 33.38 billion yuan, which is an increase of 17.5 percent over the previous year. The national income could reach 14.89 billion yuan, an increase of 19.4 percent over the previous year. The total industrial and agricultural output value was 25.78 billion yuan, an increase of 16.8 percent over the previous year. All economic targets of the annual plan have been fulfilled or overfulfilled. In regard to the total industrial and agricultural output value, the national income, the public revenue, turnover from the retail trade, the number of students recruited by ordinary institutions of higher learning and technical secondary schools, the number of sickbeds in hospitals, the outputs of grain, cotton, and oil crops, and the outputs of 19 main industrial products including raw coal, pig iron, caustic soda, synthetic ammonia, chemical fertilizer, cement, and metal-cutting machine tools, all the targets stipulated in the Sixth 5-Year Plan for 1985 have been fulfilled a year ahead of schedule. There has also been a great increase in the production of energy resources to satisfy the needs of the state. Last year, some 124.81 million tons of coal were transferred to other provinces, an increase of 17.6 percent over the previous year, and 184.2 billion kilowatt-hours of electricity were transmitted to other provinces, an increase of 25.4 percent. With the development of production, the markets have been brisk, both the urban and rural economies have been enlivened, the people's livelihood has been further improved, and the construction of socialist spiritual civilization has seen new development.

## I. Agriculture

In 1984, our province achieved further development in rural economic reforms. The new cooperative system characterized by the system of contracted responsibilities with payment linked to output was further perfected. According to state statistics, there were already 177,000 specialized households and 11,000 new economic combinations in our province. The rural economy has taken a new step toward specialization, commercialization, and modernization. A comparatively quick development has been achieved in commodity production, and the commodity rate of agricultural products reached 44.8 percent last year. Modern agricultural science and technology have been further applied and popularized. The problems concerning food and clothing for the broad masses of peasants have been basically solved, and large numbers of the surplus labor force in the countryside have been engaged in the secondary and tertiary industries, or in industrial and commercial production, construction, and various service trades.

In 1984, in addition to rich harvests for many years running, another bumper harvest was reaped in agricultural production despite the serious drought in the summer and other natural disasters. The total agricultural output value for the year amounted to 5.97 billion yuan, an increase of 17.9 percent over the previous year. The targets set in the annual plan for most major agricultural products were fulfilled or overfulfilled, and the outputs of grain, cotton, and oil were the highest in history.

The outputs of some major agricultural products were as follows:

	<u>1984</u>	<u>Percent Increase over 1983</u>
Grain	17.44 billion jin	8.2
of which:		
Wheat	5.8 billion jin	18.1
Corn	4.7 billion jin	10.2
Millet	1.95 billion jin	-19.6
Cotton	266.17 million jin	38.4
Oil Crops	734.19 million jin	54.7
of which:		
Rapeseed	12.38 million jin	-41.3
Sesame seed	183.02 million jin	27.9
Sunflower seed	335.95 million jin	104.7
Sugar Crops (sugar beet)	502.24 million jin	-2.9
Flax and Hemp	3.77 million jin	2.8
Leaf Tobacco	7.97 million jin	4.0

In forestry production, as a result of further relaxing and implementing the policy of contracting barren hills on a household or households basis, the afforested area of the whole province was expanded and the quality of afforestation was improved. At the same time, the number of trees individually grown by peasants also increased by a big margin.

There was also a growth in animal husbandry. The number of large animals increased, as did the output of pork, beef, mutton, milk, and other animal by-products. However, the number of hogs and sheep at the end of the year.

The output of major animal by-products and the number of livestock were as follows:

	<u>1984</u>	<u>Percent Increase over 1983</u>
Output of Pork, Beef, and Mutton	427.27 million jin	17.7
Milk	121.12 million jin	40.6
Wool	8.13 million jin	-16.1
Hogs Slaughtered	2.837 million head	13.4
Sheep Slaughtered	3.016 million head	59.3
Large Animals at the Year's End	2.502 million head	4.6
Hogs in Stock at the Year's End	3.376 million head	-8.3
Sheep in Stock at the Year's End	5.073 million head	-27.3

In 1984, the total industrial and agricultural output value of the state farms built on reclaimed wasteland in our province rose by 8.7 percent over the previous year, and the profits obtained rose by 2.5 percent.

As the period for contracting land was lengthened, the enthusiasm of the peasants ran unprecedentedly high, and both agrotechnique and equipment were further improved. The total power capacity of farm machines reached 10.537 million horsepower by the end of 1984, an increase of 14.4 percent over the previous year. The number of small tractors and walking tractors was 95,928, up 43.7 percent. The number of heavy-duty trucks was 25,543, up 48.7 percent. A total of 1.862 million tons of chemical fertilizer was applied during the year, an increase of 25.5 percent. The total consumption of electricity in the rural areas was 1.42 billion kilowatt-hours, an increase of 7.9 percent over the previous year.



Bad weather forecasts by the meteorological departments were fairly accurate and prompt, thus aiding agricultural and other departments.

## II. Industry

In 1984, the central link of invigorating enterprises was firmly grasped in the reform of industrial structure of our province. A series of measures which were suitable to the situation in our province were adopted following experiments. The reform measure of substituting taxes for profit delivery was further carried out. Various forms of the responsibility system were perfected in the enterprises, and the decisionmaking power of enterprises was strengthened, thus adding new vitality to industrial enterprises. An overall, balanced, and rapid development was achieved in industrial production, superiority in energy production and the chemical industry was brought into play, and better economic results were achieved. The total industrial output value for the year was 19.81 billion yuan, an increase of 16.5 percent over 1983. The output value for industry, excluding rural industry run by production brigades and teams, was 17.1 billion yuan, an increase of 12.7 percent over 1983. The output of 73 of the 100 major industrial products met or topped the annual plans. This includes raw coal, electricity, pig iron, steel, rolled steel, machine-made coking coal, television sets, washing machines, furniture, sugar, wine, machine-made paper and paperboard, chemical fertilizer, cement, and plate glass. Some 27 products failed to meet the planned quotas. These include bicycles, sewing machines, cotton yarn, cloth, and sulphuric acid. The outputs of 77 products were higher than the previous year.

Heavy industrial production rose by a big margin. The total output value of heavy industry in 1984 was 14.13 billion yuan, 17.3 percent above 1983. Its proportion in the total industrial output value of the whole province rose from 70.8 percent in 1983 to 71.3 percent in 1984.

The outputs of major heavy industrial products were as follows:

	<u>1984</u>	<u>Percent Increase Over 1983</u>
Raw Coal	187.16 million tons	17.6
Electricity	16.75 billion kilowatt-hours	10.7
Pig Iron	2.027 million tons	18.9
Steel	1.763 million tons	11.2
Rolled Steel	1.03 million tons	11.9

[Table continued on following page]

	<u>1984</u>	<u>Percent Increase Over 1983</u>
Coke (machine-made)	1.877 million tons	0.4
Cement	4.008 million tons	10.6
Plate Glass	1.381 million standard cases	48.1
Sulphuric Acid	281,000 tons	-1.8
Caustic Soda	49,000 tons	4.7
Chemical Fertilizer	518,000 tons	7.9
of which:		
Nitrogenous fertilizer	462,000 tons	10.4
Phosphate	56,000 tons	-9.3
Chemical Insecticides	5,058 tons	-9.2
Plastics	10,486 tons	9.1
Calcium Carbide	169,000 tons	12.3
Rubber Tires	274,000	14.6
Mining Equipment	8,895 tons	6.3
Alternating Current Motors	923,000 kw	3.9
Transformers	1,226,000 kilovolt-amperes	5.8
Metal-cutting Machine Tools	1,039 sets	7.3
Internal Combustion Engines	157,000 horsepower	170.8
Small and Walking Tractors	16,269	69.4

Steady growth was achieved in light industrial production, with an increase in marketable products and a decrease in unmarketable products. The total output value of light industry was 5.68 billion yuan in 1984, 14.5 percent above 1983.

Outputs of major light industrial products were as follows:

	<u>1984</u>	<u>Percent Increase Over 1983</u>
Cotton Yarn	72,142 tons	-18.3
Cloth	346.56 million meters	-18.3
of which:		
Chemical Fiber Cloth	82.49 million meters	1.8
Chemical Fibers	11,418 tons	74.1
Woollen Piece Goods	2.41 million meters	22.1
Silk Textiles	8.982 million meters	21.7
Machine-made Paper and Paperboard	150,000 tons	14.8
Sugar	27,000 tons	4.5
Wine	61,000 tons	28.2
of which:		
Beer	17,000 tons	37.2
Cigarettes	208,000 boxes	24.2
Vegetable Oil	50,891 tons	0.8
Detergents	47,538 tons	22.1
Bicycles	199,000	-41.7
Sewing Machines	5,000	-97.3
Television Sets	114,000	44.1
Radios	192,000	36.6
Household Washing Machines	134,000	75.8
Household Refrigerators	665	166.0

[Table continued on following page]

	<u>1984</u>	<u>Percent Increase Over 1983</u>
Light Bulbs	36.85 million	13.3
Leather Shoes	1.802 million pairs	18.7
Plastic Products	35,892 tons	14.9
Aluminum Products for Daily Use	1,164 tons	39.7
Furniture	2.276 million pieces	29.8

Better economic results were achieved in industry. The quality of 65 of the 80 major products to be evaluated, or 81.3 percent of them, was steadily improved. From the province, 3 products were awarded gold medals by the state, 5 products were awarded silver medals by the state, 45 were awarded fine quality awards by the ministries, and 212 were awarded fine quality awards by the province. The number of products given awards was the highest in the past few years. According to the figures of 68 key industrial enterprises, consumption of energy to produce 10,000 yuan of output value dropped by 2.8 percent. Per capita productivity for state-owned enterprises designated to undertake independent accounting rose 6.9 percent over 1983. The number of locally budgeted industrial enterprises suffering losses decreased by 96, and total losses decreased by 24.7 percent. Turnover in the form of profit or taxes increased by 2.4 percent over 1983.

### III. Investment in Fixed Assets and the Building Industry

Total investment in fixed assets greatly increased in 1984. The investment in fixed assets of state-owned units came to 4.92 billion yuan, an increase of 56.1 percent over 1983, of which the investment in capital construction was 3.696 billion yuan, 63.2 percent over 1983. Of the investment in capital construction, that covered by the state budget was 1.907 billion yuan, a 100 percent increase over the previous year; the investment of a productive nature was 2.677 billion yuan, an increase of 85.2 percent, and its proportion in the total investment rose from 63.8 percent in 1983 to 72.4 percent in 1984; the investment of a nonproductive nature was 1.019 billion yuan, an increase of 24.3 percent, and the corresponding proportion dropped from 36.2 to 27.6 percent. A total of 920 projects were completed and put into production, 78 more than in 1983. The rate of new fixed assets which were put into use rose from 51.5 percent in 1983 to 73.4 percent in 1984.

The construction of energy, communications, and other key projects was further increased. Investment in the capital construction of the provincial coal, electric power, communications, and transport departments was 2.23 billion yuan in 1984, an increase of 86.2 percent over the previous year, and its proportion in the total investment in capital construction rose from 56.8 to 60.4 percent, of which the investment in the energy industry was 1.67 billion

yuan, an increase of 68.2 percent, and that in transportation and the post and telecommunications departments was 560 million yuan, an increase of 170 percent. The investment in scientific research and cultural, educational, and public health undertakings totaled 241 million yuan, 38.3 percent over 1983. The construction of 15 key projects of the state was accelerated, in which an investment of 1.652 billion yuan was made. In addition, a number of key projects were completed and put into production, including the Xiqu mine of the Gujiao mining area, the extension of the No. 6 mineral bed in Guishigou and the No. 2 pit of the Yangquan mine, and the No. 1 and No. 2 generating units of the new power plant in Datong. A comparatively higher speed was achieved in the construction of the 10 provincial key projects, for which 92.5 percent of the annual investment plan was fulfilled. Moreover, the Taiyuan coking gas plant was completed and put into production.

This capital construction investment helped add the following major industrial capacities: 400,000 tons of coke, 210,000 tons of preliminarily rolled steel, 10.01 million tons of coal, 25,000 tons of chemical fertilizer, 403,200 kilowatts of power generating capacities, 617.23 kilometers of power transmission lines of 110,000 volts or above, 162,500 tons of cement, 67.54 kilometers of new railways already in operation, 63,700 seats for students in universities and secondary and primary schools as well as in other schools, and 100 million cubic meters of urban gas supply capacity.

New progress was made in the technical revamping of existing enterprises. State-owned enterprises in 1984 made use of a total investment of 1 billion yuan for equipment replacement and other purposes, 21.2 percent more than the previous year. Of this amount, the investment for the purpose of saving energy and raw materials increased by 22.5 percent, and that for increasing the variety and improving the quality of products increased by 4.2 percent. A total of 993 projects undergoing equipment replacement and technical updating were completed last year.

In 1984, new achievements were made in the reform of the administrative systems of the building industry and capital construction. Various forms of the contracted responsibility system were introduced in 87.8 percent of state-owned building and installation enterprises. Per-capita labor productivity of these enterprises rose 23.1 percent over 1983. The percentage of engineering work rated "excellent" increased from 61.4 to 65.6, and that of the large and medium projects carrying out various forms of the investment contract responsibility system was 80.1 percent.

#### IV. Transportation and Post and Telecommunications

In 1984, the transportation departments of our province adopted various measures to tap potential and strengthen management, resulting in a considerable increase in the volume of freight and number of passengers carried and in the transportation of coal to other provinces. The volume of goods transported by the railway and highway transportation departments was 255.56 million tons, up 12.9 percent from 1983. Of this, the railways handled 147.17 million tons, up 6.7 percent. The highways handled 108.39 million tons, up



11.4 percent. Of the goods handled by railways, the volume of coal transported was 128.24 million tons, up 9 percent from 1983. The gross volume of passenger transport handled by railway and highway transportation departments was 93.79 million person-kilometers, a 12.6 percent increase over 1983. Of this, the railways carried 34.95 million person-kilometers, up 14.5 percent, and the highways carried 58.84 million person-kilometers, up 11.4 percent.

There was a new development in the transportation industry run by individuals and combined households. In 1984, households and new economic combinations engaging in transportation had 14,600 motor vehicles, 9,984 more than 1983.

Post and telecommunications work continued to develop. Transactions throughout the province in 1984 amounted to 60.36 million yuan, up 8.7 percent from 1983. Of this, the number of letters handled went up 7.2 percent, newspapers and magazines distributed went up 21.2 percent, and long-distance calls were up 17.1 percent.

#### V. Trade and Prices

Along with the development of industrial and agricultural production, the supply of market commodities in our province continued to grow in 1984. The circulation of commodities was promoted and both the urban and rural markets were brisk. The total value of commodities purchased by state-owned commercial departments and supply and marketing cooperatives reached 7.99 billion yuan, an increase of 7.8 percent over 1983. Of this, the value of commodities purchased from within the province was 5.09 billion yuan, up 6.4 percent. The value of agricultural and sideline products was 1.94 billion yuan, up 14.9 percent, and that of industrial products was 3.11 billion yuan, up 1.6 percent. The value of commodities purchased from outside the province totaled 2.9 billion yuan, up 10.5 percent. The province's 1984 retail sales reached 8.46 billion yuan, an increase of 21.9 percent over 1983, or 18.3 percent, taking price increases into account. Of the total retail sales, consumer goods grew 21 percent, or 18.2 percent allowing for price increases, and farming materials and equipment increased 26.2 percent, or 17.4 percent allowing for price increases. Retail sales of most principal consumer goods increased over the previous year. Increases included grain, 15.3 percent; edible oil, 16.4 percent; eggs, 30.4 percent; sugar, 6.9 percent; wine, 26.8 percent; cloth, 0.6 percent; woollen piece goods, 17.1 percent; leather shoes, 19.9 percent; knitting wool, 87.6 percent; wrist watches, 16 percent; bicycles, 3.4 percent; electric fans, 23.6 percent; television sets, 45.3 percent; radios, 31.7 percent; washing machines, 90.9 percent; and refrigerators, 16.0 percent. However, the price of pork dropped 0.6 percent, and silks and satins dropped 16.3 percent.

Initial results have been achieved in the commercial structural reform. To turn more supply and marketing cooperatives run by official bodies into civilian-run cooperatives, which is the core of this reform, the supply and marketing cooperatives have taken positive measures to absorb more money from the peasants for shares and to establish a commercial network characterized by diverse forms of economy and management. In 1984, a total of 28.55 million

yuan was absorbed from the peasants by 1,834 grassroots supply and marketing cooperatives. If the original money for shares is added, these cooperatives had a total fund of 62.53 million yuan, accounting for 28.1 percent of the floating capital of the grassroots supply and marketing cooperatives. Relatively rapid development was also achieved in the structural reform of state-owned commercial enterprises. Of the 1,679 small state retail enterprises and catering trade units in which the reform was carried out, 71.8 percent were operated by the collective under state ownership, 5.3 percent were operated by the collective under collective ownership, and 22.9 percent were leased to individuals. By the end of the year, there were 299 trade centers of various kinds. Retail sales in all sectors of the economy increased in the course of the reform compared with those of the previous year. Of this, the amount of retail sales in the public-owned sector increased 18.8 percent, retail sales in the collective sector rose 14.7 percent, and retail sales in the individual sector went up by 110 percent. The proportion of retail sales in the public-owned sector dropped from 55.8 percent in 1983 to 54.9 percent in 1984, the proportion of retail sales in the collective sector dropped from 40 to 38 percent, and the proportion of retail sales in the individual sector rose from 4.2 to 7.1 percent.

Both urban and rural markets were brisk. By the end of 1984 there were 1,128 trade centers in towns and the countryside throughout the province, 247 more than in 1983. The volume of trade reached 810 million yuan, an increase of 19 percent over 1983. There were 222,400 individual industrial and commercial units in both towns and the countryside, 114,000 more than in 1983. Some 410,300 people were employed, 251,700 more than in 1983.

In 1984, as a result of readjusting the prices and the policy on purchases and sales of farm and sideline products, and affected by increases in the proportion of above average purchases at increased prices and the increasing amount of farm and sideline products purchased and sold according to negotiated prices, the general price indices for state purchases of these products rose 6.4 percent over the previous year. The general retail price index rose 2 percent over 1983. The price of foodstuffs rose 3.3 percent, of which fresh vegetables rose 13.8 percent; meat, poultry, and eggs rose 7.8 percent; fruit rose 14.1 percent; aquatic products rose 21.5 percent; and medicines rose 7 percent. The price of fuel rose 12.4 percent, and the price of the agricultural means of production rose 7.5 percent. Prices for garments and cultural and recreational goods were basically the same as the previous year, but those for grain and daily necessities dropped 1.7 percent. The cost of living index for urban and rural residents rose 2.6 percent over 1983.

Sales of the major means of production in 1984 rose over the previous year. Sales of rolled steel rose 21.1 percent; timber, 8.2 percent; cement, 7.9 percent; caustic soda, 110 percent; and soda ash, 71.1 percent. The volume of sales by material departments increased 26.9 percent over the previous year. The expenses involved in commodity circulation dropped from 8.5 percent in 1983 to 8.4 percent in 1984. The turnover period for circulating funds was shortened from 79 days in 1983 to 63 days in 1984.

## VI. Foreign Trade, Economic Cooperation, and Tourism

In 1984, relatively rapid development was achieved in our provincial foreign trade. Total exports reached 740 million yuan, an increase of 25.5 percent over the previous year. Of this, the export of industrial and mining products rose 44.6 percent, from a proportion of 70.8 percent in 1983 to 81.6 percent in 1984. The export of farm and sideline products dropped 20.9 percent, from a proportion of 29.2 percent in 1983 to 18.4 percent in 1984. The total value of commodities directly exported by our province was 440 million yuan, 690 percent above the previous year, and that of commodities directly imported by our province was \$37.95 million, 240 percent above the previous year.

Progress was made in using foreign capital and funds of other provinces. In 1984, two meetings on international and domestic economic and technological cooperation were held for the first time in our province. Some 74 projects using foreign capital and importing advanced technology were concluded, amounting to a value of \$51.89 million. Some 264 projects for economic and technical cooperation with other provinces and cities were concluded, amounting to 392 million yuan.

Tourism was further developed. In 1984, a total of 15,104 foreign visitors, Overseas Chinese, and Hong Kong, Macao, and Taiwan compatriots were received by the tourist departments of our province, an increase of 5.3 percent over the previous year.

## VII. Science, Education, and Culture

In 1984, new advances were made in science and technology, and the contingent of scientists and technologists was expanded. Some 412 scientific and technological achievements were made by the scientific research units, an increase of 44.1 percent over 1983. By the end of the year, the number of scientists and technologists in the public-owned sector reached 217,000, some 24,000 more than in 1983. They made great contributions to promoting industrial and agricultural production and the technological progress of our province.

A new development was achieved in education in the course of readjustment and reform. In higher education, diverse standards and forms of multi-level teaching were introduced, and the number of students grew considerably. In 1984, there were 356 postgraduates studying in the province, 131 more than in 1983. Ordinary higher learning institutions enrolled 11,677 students, 1,961 more than in 1983. There were 36,338 students studying in these institutions, 3,480 more than in 1983, and 32,738 students were studying in adult higher education institutions, 14,161 more than in the previous year. Restructuring continued in secondary education, and the number of students studying in various secondary schools continued to grow, reaching 1.63 million in 1984, 102,000 more than in 1983. Secondary technical schools had 46,716 students, up by 3,069; agricultural middle schools and vocational middle schools had 64,048 students, up by 16,541; workers' training schools had 16,089, up by 3,139; and ordinary secondary schools had 1,503,000 students, up by 80,000. As a result of family planning, the number of children at school and

pre-school children was reduced, and the number of pupils at primary schools and kindergartens was reduced. Primary schools had 3,515,000 pupils, a decrease of 147,000, and kindergartens had 485,000, a decrease of 7,000.

New progress was scored in culture, journalism, and radio and television undertakings. In 1984, the province had 6,357 cinemas and film projection teams, 177 performing art troupes, 127 cultural clubs, 98 public libraries, and 45 museums. There were 2 radio stations and 11 radio transmitting and relay stations, and 1 central television station and 13 television transmitting and relay stations, each with a capacity of more than 1,000 watts. Some 425 million copies of provincial and city and prefectural level newspapers, 115.53 million copies of various magazines, and 98.27 million copies of books and picture books were published in 1984, respectively up 45.1, 8.2, and 3.5 percent over 1983. All this contributed to the building of socialist spiritual civilization.

#### VIII. Public Health and Sports

Public health work continued to develop in 1984. At the end of 1984 there were a total of 5,747 public health institutions in the province, an increase of 81 percent over 1983, of which there were 2,423 hospitals, 20 more than in the previous year, with 78,225 beds, up 5 percent. In addition, there were 2,141 family sickbeds provided by the hospitals in the cities and countryside for home care. Professional health workers numbered 107,222, up 3.5 percent as compared with the previous year, including 48,308 doctors, a 2.5 percent increase, and 16,337 nurses, up 6.2 percent.

New achievements were scored in sports. The athletes of our province won 2 gold and 4 bronze medals at the 23d Olympic Games and in world competitions. We had 3 athletes who broke 2 national records on 5 occasions, and 41 who broke 49 provincial records on 70 occasions. The provincial athletes won 38 gold medals in national games and competitions. During the year, a total of 1,310 sports meets were held at and above the county level, 312 more than in 1983, at which 495,000 athletes participated, 176,000 more than in the previous year. Some 1.09 million people met the requirements prescribed by the "state standards for physical culture and sports training."

#### IX. People's Livelihood

The year 1984 saw a continued improvement in the people's living standards in both the cities and countryside of our province. A sample survey of 1,100 peasant households in 22 counties showed an average annual per capita income of 350 yuan, including 309 yuan from productive activities. The income received, other than loans, was 27.1 percent higher than the previous year. On average, every 100 peasant households had 99.7 bicycles, 69.5 sewing machines, 123.7 wristwatches, and 8.5 television sets, respectively 13.4, 5.1, 23.7, and 4.3 more than in 1983. A sample survey of 760 worker and staff households in 8 cities and 3 counties showed an average annual per capita income of 487.2 yuan for expenses, an increase of 23.7 percent over 1983. Even allowing for the rise in the cost of living, real income for workers and

staff still rose by 20.1 percent. On average, every 100 worker and staff households had 45 washing machines, 79 television sets, 19 recorders, and 15 electric fans, respectively 12, 10, 19, and 15 more than in 1983.

In 1984, jobs were given to 124,000 people in cities and towns. The province had 3,578,000 workers and staff by the end of the year, 178,000 more than at the end of 1983. Self-employed workers in cities and towns totaled 102,000, 57,000 more than at the end of the previous year. The annual wages of workers and staff totaled 3.56 billion yuan, up 31.2 percent from 1983. Bonuses and wages paid for above-quota piecework increased by 90.4 percent. The average annual wage for workers and staff was 1,024 yuan, 23.4 percent more than 1983. The actual increase in workers' wages stood at 20.2 percent, allowing for the cost of living increase.

By the end of 1984, individual bank savings in both urban and rural areas amounted to 4.05 billion yuan, 40.7 percent more than the 1983 year-end figure.

Social welfare continued to improve. Rural collectives provided for 38,054 elderly, disabled, widowed, and orphaned people who had nobody else to support them, 1,520 more than the previous year. In rural areas, there were 502 homes for the aged, 220 more than the previous year, housing a total of 3,016 elderly people, a 73.1 percent increase. There were 11 social welfare institutes in cities and towns, providing for 637 people.

Further efforts were made to help poor village families develop production and shake off poverty. In 1984, assistance was given to 238,400 such families, and 175,500 of them were able to shake off their poverty.

#### X. Population

By the end of 1984, our province had a population of 26.003 million, which was 280,000 more than the previous year's figure of 25.723 million, or an increase of 1.09 percent.

A sample survey showed that the province's birth rate in 1984 was 16.41 per thousand, the mortality rate was 6.00 per thousand, and the natural growth rate was 10.51 per thousand, dropping 0.19 per thousand as compared with the previous year's figure of 10.70 per thousand.

Great achievements were made in 1984 in the provincial economy and social development. The main problems at present are that communications and transportation need to be further improved; economic results in production, construction, and circulation are still not satisfactory; the increase of consumption funds is faster than expected; there is excessive money in circulation; and prices are rising. This year, with the development of the reform of the economic structure mainly carried out in cities and the reinvigoration of the economy, these unfavorable factors will surely be overcome one after another. Still greater achievements will surely be made in our provincial economy.

Note: All figures concerning gross social products and national income in this communique were based on the prices of the same year. The percent of increase was based on constant prices.



PROVINCIAL AFFAIRS

SICHUAN PUBLISHES 1984 ECONOMIC STATISTICS

HK121501 Chengdu SICHUAN RIBAO in Chinese 17 Mar 85 pp 2-3

["Communique of the Sichuan Provincial Statistics Bureau on the State National Economic and Social Development Plan for 1984 (9 March 1985)"]

[Text] In 1984, under the leadership of the CPC Central Committee, the State Council, and the provincial CPC committee and people's government, the people of all nationalities in our province further implemented the principle of enlivening domestic economy and opening up to the outside world, and conscientiously responded to the provincial CPC committee's call of "making the people rich" and "upgrading." With the impetus given to them by the party rectification, they speeded up the urban economic structural reform while continuing to deepen the rural reform, vigorously strived to revitalize Sichuan's economy and scored marked achievements in national economic and social development. According to our initial statistics, the gross social product for 1984 calculated at current price level (note: except for those figures clearly stated to be calculated at current prices, all the figures for gross social products, gross industrial output value, gross agricultural output value, and national income were calculated with the year 1980 as base year and all rates of increase are calculated according to comparable prices) was 83.1 billion yuan, 13 percent more than that for 1983. The year's national income was 39.4 billion yuan, 12.6 percent more than that in 1983. The province's gross industrial and agricultural output value for 1984 was 67.11 billion yuan (68.97 billion yuan if calculated at current prices), 13.1 percent more than that for 1983. Most of the major targets of the sixth 5 year plan were already fulfilled ahead of the schedule. The province fulfilled ahead of schedule the targets set by the sixth 5-year plan for 1985, including those for gross social products, gross industrial and agricultural output value, national income, grain, cotton, pork, beef, mutton, aquatic products, afforestation area, steel, iron, coal, natural gas, electricity output, financial revenue and social retail sales of commodities. As production developed, circulation was enlivened, our urban and rural market became prosperous, the financial situation took a turn for the better and our people's living standard continued to improve. While scoring marked achievements in building material civilization, new progress was made in building spiritual civilization. The general mood of the society took a marked turn for the better, the social order was satisfactory and there was political stability and unity.

However, there were still some problems in the development of national economy. The major problems were the shortage of energy, communications and transport facilities, and some kinds of raw materials, the excessive increase in consumption funds, the arbitrary price hikes imposed by a small number of enterprises and the failure to sufficiently and soundly implement the policies and measures to relax control and enliven the economy. It is necessary to vigorously solve these problems in our future work.

## 1. Agriculture

In 1984, the rural areas in our province conscientiously implemented the 1984 document No. 1 of the CPC Central Committee, developed specialised households and small towns, further relaxed our economic policies, in particular the economic policies for mountainous areas, promoted commodity production, readjusted the structure of agriculture, conscientiously improved production conditions, raised the level of scientific farming, successfully overcame various kinds of natural disasters, and achieved another bumper harvest on the basis of 7 years of successive increases in agricultural production. There was an increase in the output of major agricultural products including grain, cotton, oil crops, sugar, tea, silkworm cocoons, fruit, pigs, cattle, and aquatic products. Our township and town enterprises developed relatively quickly and a very good situation of prosperity emerged in our vast countryside.

In 1984, the gross agricultural output value was 28.01 billion yuan (30.4 billion yuan if calculated at current price levels), which was 106.1 percent of the planned target and 10.5 percent more than that in 1983. (The rate of increase is 8.3 percent if 25,779 million yuan of the output value of the industries run by units at and under the village (brigade) level is excluded.) Of the gross agricultural output value, 16,911 million yuan was contributed by agriculture (crop cultivation), 4.9 percent more than that in 1983; 1,567 million yuan, 25.3 percent more than that in 1983, was contributed by forestry; 5,924 million yuan, 9.2 percent more than that in 1983, was contributed by animal husbandry; 3,453 million yuan, 40.9 percent more than that in 1983, was contributed by sideline undertakings (the rate of increase would be 35.8 percent, if the 1,222 million yuan of the output value of the industry run by units at and under the village (brigade) level was deducted); and 155 million yuan, 51.6 percent more than that in 1983, was contributed by fishery.

In 1984, we paid attention to readjusting the internal structure of crop cultivation, reduced the area of grain crops and increased the area of industrial crops. The entire year's gross grain output was 40,795,000 metric tons, which was 101.7 percent of the planned target and an increase of 710,000 metric tons or 1.8 percent over 1983. The cotton output was 158,200 metric tons, which was 137.5 percent of the planned target and an increase of 47.0 percent. Except for rapeseeds, the output of all major industrial crops increased.

The output of major agricultural products was as follows:

Product	Output for 1984 metric tons	Percentage increase over 1983
Grain	40,795,000	1.8
of which: Rice	20,345,000	4.9
Wheat	7,030,000	-2.9
Potato (converted into grain)	4,995,000	-7.9
Corn	6,245,000	6.0
Soybean	320,000	16.4
Cotton	158,200	47.0
Oil bearing crops	1,180,000	4.6
of which: Peanut	244,000	30.2
Rapeseed	924,000	-0.6
Sesame	7,300	14.1
Sugar crops	2,261,000	15.4
Sugar cane	2,247,000	15.5
Sugar beet	14,400	13.0
Jute and bluish dogbane	159,000	61.0
Flue-cured tobacco	39,200	67.2
Silkworm cocoon	104,500	2.5
Tea	49,000	16.1
Fruit	716,000	12.7

In 1984, in our province's forestry production, the responsibility system, and the policy of giving economic aid were further implemented, the pace of afforestation was accelerated and the quality of the afforestation work improved. Throughout the year, trees of various kinds were planted on 10,147,000 mu of land, a sharp increase over 1983. Quick-growth and high-yield trees were planted on 2,350,000 mu of land in the remote areas, greater than the planned target. The province planted 2.29 billion trees on scattered land, 41.6 per cent more than it did in 1983. The output of major forestry products such as raw lacquer also increased compared with that in 1983.

Our province implemented a stable policy toward animal husbandry, decontrolled circulation of livestock products, and continued to develop animal husbandry production. In 1984, the production of pigs steadily increased, the production of large animals continued to rebound, the output of pork, beef, mutton and milk all increased quite a lot, but the number of sheep and goats in hand at the end of 1984 and the output of wool dropped.

The following is the output of major livestock products and the number of animals:

	1984 metric tons	Percentage of increase in 1984 over 1983
Output of pork, beef, and mutton	2,413,000	9.2
Pork	2,340,000	9.3
Beef	42,000	10.7
Mutton	31,000	3.2
Output of milk	199,000	12.0
Output of wool	2,500	-6.1
	Number of animals	
Pigs sold	38,744,000	8.0
Pigs in hand at year-end	56,699,000	5.8
Number of large animals in hand at year-end	9,725,000	1.0
of which: cattle in hand at year-end	9,725,000	0.8
sheep and goats in hand at year-end	9,381,000	-2.1

There was relatively great development in fishery and the year's output of aquatic products reached 103,800 metric tons, which was 122.4 percent of the planned target for the year and an increase of 24.9 percent over 1983.

There was new development in our township and town enterprises. In 1984 the gross output value of all the township and town enterprises in the province was 8.88 billion yuan. Among the township and town enterprises, the gross output value of the enterprises at township and village level was 7.16 billion yuan, 41.1 percent more than that in 1983, of which 4.279 billion yuan was industrial output value (not including the industrial output value of the enterprises below village level), 27.2 percent more than that in 1983. Rural tertiary industry also developed to some extent. The rapid development of township and town enterprises played an important role in reforming the economic structure in our rural areas, enlivening rural economy and improving our peasants' living standards. However, the township and town enterprises in our province were still weak and needed to be even more greatly developed.

Rural production conditions continued to improve. At the end of 1984, the total capacity of the province's agricultural machinery was 11.61 million

horsepower, 6.4 percent more than that in 1983. The number of small and walking tractors totaled 125,000, an increase of 5.9 percent; the number of vehicles used in agriculture totaled 17,800, an increase of 64.8 percent; the number of large and medium-sized tractors totaled 22,300, a decrease of 4.7 percent; and the total capacity of agricultural draining machinery was 3,576,000 horsepower, a decrease of 5.6 percent. The year's total consumption of chemical fertilizer (in terms of 100 percent pure fertilizer) was 1.3 million metric tons, basically maintained at the same level as that in 1983. Our rural areas consumed 2.11 billion kilowatt-hours of electricity, 15.3 percent more than that in 1983. Rural water conservation facilities were further perfected so that the capacity to fight droughts and the draining capacity were augmented.

At present, the development of agriculture is uneven in our province, the structure of rural undertakings should be further readjusted and the agricultural production still fails to fully meet the demands of the society.

## 2. Industry

In 1984, our province increased the pace of its industrial reform, expanded the decisionmaking power of its enterprises, implemented the economic responsibility system, implemented in a widespread manner the substitution of tax payment for profit delivery, grasped enterprise consolidation, strengthened technological transformation, vigorously developed urban and rural collective economy, and promoted cooperation and coordination. The greatest growth rate seen in the past few years was achieved in the province's industrial production in 1984, the number of products of fine quality rose, the economic results were relatively satisfactory and a new situation emerged in which light and heavy industries developed in a relatively harmonious manner. The year's gross industrial output value was 39.1 billion yuan (38.57 billion yuan if calculated at current price levels), which was 108.9 percent of the planned target and an increase of 15 percent over 1983. (41.331 billion yuan, 16.3 percent more than that in 1983, if the output value of the industries run by units at and below village (brigade) level was included in the calculation).

The output of most major industrial products fulfilled or overfulfilled the year's planned targets. Among the 90 major products listed in the plan, the output of 71 of them fulfilled or overfulfilled the planned targets, including steel, pig iron, rolled steel, machine processed coke, coal, natural gas, electricity, cement, sulphuric acid, caustic soda, chemical fertilizer, pharmaceuticals, television sets, silk fabrics, woolen goods, machine-made paper, paper board, sugar, salt, cigarettes, bicycles, light motorcycles, watches, and leather. The output of 19 kinds of major products, including pesticides, tractors, walking tractors, radio receivers, sewing machines, cotton yarn, cotton cloth, and dyed cloth failed to fulfill the year's planned targets. The output of 83 of the 100 kinds of major industrial products that were taken into consideration in evaluating performance was bigger than that in 1983.

Light industrial production rose relatively quickly. The gross light industrial output value for 1984 was 18,653 million yuan (17,970 million yuan if calculated at current price levels), an increase of 14 percent over 19. Of this, the



gross output value of food industry rose by 12.9 percent, that of textile industry rose by 8.9 percent, that of other light industries rose by 18.2 percent. The quality of our light industrial products improved and their variety increased. There was a relatively sharp increase in the output of the products that were relatively more marketable such as washing machines, television sets, cameras, light motorcycles, woolen goods, spirits, beers, synthetic detergent, and machine-made paper. Still, the supplies of these goods could not meet the demand in the market. At the same time, the competitive edge of some durable consumer goods was weakened because their quality was not high enough.

The output of major light industrial products was as follows:

<u>Name of product</u>	<u>Output for 1984</u>	<u>Percentage increase over 1983</u>
Cotton yarn	123,500 metric tons	-5.8
Cloth	687,000,000 meters	-5.7
of which: pure synthetic fiber cloth	35,000,000 meters	59.1
Synthetic fiber	18,300 metric tons	54.9
Woolen goods	2,770,000 meters	22.4
Knitting wool	1,130 metric tons	4.4
Silk fabrics	57,184,000 meters	20.3
Machine-made paper and paper board	546,500 metric tons	15.7
Sugar	172,100 metric tons	13.1
Alcohols	715,400 metric tons	20.4
of which: spirits	53,300 metric tons	56.3
beer	76,300 metric tons	45.3
Cigarettes	850,100 boxes	13.7
Salt	1,490,000 metric tons	5.5
Pharmaceuticals	3,771.1 metric tons	12.5
Detergent	3.83 metric tons	28.4
Lamps	83,610,000	19.8
Light motorcycles	295,700	85.4
Bicycles	635,100	38.6
Sewing machines	151,700	-28.3
Watches	1,360,000	18.9

Television sets	530,200	44.7
of which: color television sets	57,100	140.0
Radio receivers	248,500	12.1
Audio recorders	129,200	-2.0
Cameras	41,200	30.2
Family washing machines	466,800	42.9
Family refrigerators	14,100	1,110.0

There was also a sharp increase in heavy industrial production. The province's gross heavy industrial output value for 1984 was 20,447 million yuan (20,597 million yuan if calculated at current price levels), an increase of 16 percent over 1983. Of this, the gross output value of the metallurgical industry rose by 11.6 percent; that of the fertilizer and pesticide industry rose by 5.4 percent; that of machine building industry rose by 23.0 percent; and that of building materials industry rose by 19.5 percent. That of primary energy (coal, natural gas, petroleum, and hydroelectricity) was 46.59 million metric tons (in terms of standard coal), an increase of 10.4 percent over 1983. At the same time, the province also scored some achievements in conserving energy.

The output of major heavy industrial products was as follows:

Product	Output for 1984	Percentage increase over 1983
Coal	49,680,000 metric tons	12.1
Natural gas	5,590,000,000 cubic meters	3.8
Electricity	19,986,000,000 kilowatt-hours	6.4
of which:		
hydroelectricity	9,810,000,000 kilowatt-hours	8.1
Pig iron	3,165,000 metric tons	10.3
Steel	3,858,000 metric tons	9.1
Rolled steel	2,714,000 metric tons	6.1
Coke (machine-processed)	2,193,000 metric tons	4.8
Timber	4,570,000 cubic meters	24.6
Cement	8,496,000 metric tons	15.9
Glass plate	212,000 standard boxes	32.7
Sulphuric acid	665,400 metric tons	-9.8
Soda ash	137,300 metric tons	3.9
Caustic soda	150,900 metric tons	10.1

Fertilizer (in terms of 100 percent pure fertilizer)	1,445,100 metric tons	3.9
of which: nitrogenous fertilizer	1,176,600 metric tons	7.3
phosphorous fertilizer	264,400 metric tons	-8.9
Chemical pesticide	7,023 metric tons	-15.6
Plastic	25,400 metric tons	15.0
Tyres	810,900	43.5
Mining machinery	15,300 metric tons	9.6
Power generation machinery	1,191,800 kilowatts	250.0
Machine tools	8,767	15.7
Automobiles	4,503	39.8
Tractors	25	-88.5
Walking tractors	18,600	11.0
Internal-combustion engines (number of commodities)	2,848,700 horsepower	51.6
Locomotives	38	22.6
Railway cargo carriages	3,073	16.4

The reform and consolidation in our industrial enterprises gave play to the initiative of the vast number of staff and workers and relatively greatly increased economic results. In 1984, the quality of 88 percent of the major industrial products of the province was stable or improved. The province won national gold and silver medals for the quality of 38 of its products and the province granted rewards for 368 kinds of products of fine quality. The per capita productivity of the staff and workers in the industrial enterprises that were owned by the whole people and that shouldered sole responsibility for their profits and losses for the first time exceeded 10,000 yuan and reached 10,790 yuan, 12.8 percent more than that in 1983. The total sales of the local state-owned industrial enterprises included in the budget rose by 13 percent over 1983, and their realized profits and tax payment on their sales rose by 14.1 percent. Their gross industrial output value calculated at comparable price levels rose by 13.1 percent. Thus they have achieved a "synchronous increase" in output value, sales, and realized profits. The amount of losses suffered by the loss-incurring enterprises dropped by 8.3 percent compared with 1983. The period of current capital turnover was reduced from 117 days in 1983 to 113 days in 1984. However, the total comparable costs of products rose and the amount of funds invested in the stock of finished products increased relatively greatly.

## 3. Fixed Assets Investment

In 1984, there was new development in the reform of our province's capital construction management system. Good results were achieved in implementing the methods of inviting tenders for construction projects and assigning contract responsibility for construction projects. The province's fixed assets investment in the sector owned the whole people rose relatively greatly. The scale of capital construction slightly expanded and the construction of key projects and the renewal and transformation of existing equipment further strengthened.

In 1984, 5.88 billion yuan was invested in the fixed assets of the units owned by the whole people, an increase of 760 million yuan or 14.8 percent over 1983. Of this amount, 3,178 million yuan was invested in capital construction, 174 million yuan or 5.8 percent more than that in 1983; 1,907 million yuan was invested for renewal and transformation measures; the investment for oilfield maintenance and in other fixed assets totalled 786 million yuan and rose respectively by 23.7 and 36.3 percent over 1983 if calculated at comparable price levels.

Of the amount of investment in the capital construction in the units owned by the whole people that was completed in 1984, 1,514 million was the investment included in the state budget, an increase of 5.1 percent over 1983; 325 million yuan was domestic loans, an increase of 23.6 percent; 1,332 million yuan was funds raised by enterprises on their own or other kinds of funds, an increase of 5.9 percent; 1,584 million yuan is invested in central projects, an increase of 5.8 percent; 1,594 million yuan is invested in local projects, also an increase of 5.8 percent; 1,689 million yuan was construction investment of production nature, an increase of 10.8 percent; and 1,489 million yuan was construction investment of a nonproduction nature, an increase of 0.6 percent. The actual total amount of capital investment fulfilled by the whole province not including the amount invested in the projects not included in the plans for evaluating the performance, was 93 percent of the planned target.

In 1984, we continued to strengthen the construction of key projects related to energy, communications and scientific and educational undertakings. The whole province completed 638 million yuan of investment in energy industry, which was 11.8 percent more than that in 1983 and accounted for 20.1 percent of the total capital construction investment in the province compared with 19 percent in 1983. The transportation, posts and telecommunications sector completed 334 million yuan of investment, which was 34.7 percent more than that in 1983 and constituted 10.5 percent of the total capital construction investment compared with 8.3 percent in 1983. The scientific and educational sector completed 390 million yuan of investment, which was 22.3 percent more than that in 1983 and constituted 12.3 percent of the total capital construction investment compared with 10.6 percent in 1983. The construction of 38 large and medium-sized projects that were listed in the state plan already begun and the investment completed in them totalled 873 million yuan, which was 99.9 percent of the planned target, a greater percentage than the general percentage of the planned capital construction investment completed in the whole province.

The Changshan Salt manufacture project, Yalong Jiang forest area project and the people's diversion canal project for which the contract responsibility system geared to investment was implemented, were already completed and put into operation according to the plans.

The major production capacity that was created by the investment in capital construction was: full sets of equipment with the capacity to produce 150 million cubic meters of natural gas (the capacity created by the projects funded by development funds not included); 32,100 kilowatts of generating sets; 677 kilometers of transmission line; 310,000 kilovolt-amperes of substation equipment; capacity to produce 125,000 metric tons of cement, 70,000 metric tons of salt, 90,000 metric tons of coke, and 240,000 metric tons of coal; capacity to produce and transport 30,000 cubic meters of timber; 97 kilometers of electrified railway, and reservoirs with a total volume of 14,400,000 cubic meters.

The number of capital construction projects that were started in 1984 was relatively large, the ratio of the projects completed and put into operation to the projects that were underway in 1984 was 5.5 percent lower than that in 1983; while the ratio of the housing construction completed to the construction underway was 9.4 percent lower than that in 1983.

Of the amount of investment in renewal and transformation measures that were completed in the units owned by the whole people, the percentage of investment of a production nature rose from 81 percent in 1983 to 83.8 percent in 1984; while the percentage of the investment of a nonproduction nature dropped from 19.0 percent in 1983 to 16.2 in 1984. Of the investment of a production nature, the investment in measures to increase variety of products rose by 52.5 percent, that in measures to improve the functions and quality of products rose by 6.8 percent, that in measures to strengthen transport, post and telecommunications facilities rose by 22.5 percent, that in measures concerning labor insurance and protection rose by 27.5 percent and that in measures to tackle problems related to waste material, water and gas and practicing thrift also slightly increased.

The reform in our construction system made relatively quick progress. Various forms of the system of contract responsibility for amount of investment were implemented in 75.8 percent of the province's construction and installation enterprises owned by the whole people. Over one-third of the construction enterprises implemented the system of contract responsibility for percentage of labor costs in total construction costs and thus achieved marked economic results. In 1984, the construction industry owned by the whole people yielded a gross output value of 2,129 million yuan, 27.8 percent more than that in 1983; its per capita labor productivity was 5,447 yuan, an increase of 26.9 percent over 1983; the per capita yield of housing area rose by 19.6 percent; the rate of construction of fine quality rose and the rate of accidents and casualties dropped.

#### 4. Communications, Posts and Telecommunications

The passenger and cargo freight volume rose relatively greatly. In 1984, under a situation of a great demand for passenger and cargo transport service



and a shortage of transport facilities, our province's communications departments exploited to the full the role of all the transport facilities available, adopted the method of allowing the state, the collectives and the individuals to run communications together and thus relatively satisfactorily fulfilled the transportation tasks. Throughout the year, all the various kinds of transport sectors achieved a cargo transport volume of 33,629 million metric ton-kilometers, an increase of 18.2 percent over 1983. To this volume, railways contributed 23,846 million metric ton-kilometers, 19.2 percent more than they did in 1983; roads contributed 3,514 million metric ton-kilometers, 12.7 percent more than they did in 1983; waterways contributed 6,251 metric ton-kilometers, 17.5 percent more than in 1983; and air transport contributed 18 million metric ton-kilometers, 80 percent more than in 1983. The province relatively satisfactorily fulfilled the tasks of transporting important materials such as coal and ground phosphate rocks.

In 1984, the various transport sectors achieved a total passenger freight volume of 21,842 million person-kilometers, 19.2 percent more than they did in 1983. To this volume, railways contributed 8,618 million person-kilometers, an increase of 17.9 percent over 1983; roads contributed 11,123 million person-kilometers, an increase of 20 percent; waterways contributed 1,552 million person-kilometers, an increase of 6.2 percent; and air transport contributed 549 million person-kilometers, an increase of 92 percent.

In 1984, our province exploited its waterway transport advantage and made a new breakthrough in sending materials and goods out of Sichuan via the Chang Jiang. In the whole year, the local communications departments alone sent 1.23 million metric tons of goods out of Sichuan via the Chang Jiang, 53.8 percent more than they did in 1983. Individual transport traders greatly developed throughout the province. By the end of 1984, they had 7,096 automobiles and the dead-weight tonnage of their boats totaled 100,000 metric tons. They played a certain role in enlivening the urban and rural economy. At the same time, the province strengthened the work of transforming its existing highways. By the end of 1984, it rebuilt 1,035 kilometers of highways, and widened over 8,000 kilometers of them. This improved the road transport conditions in our province.

Post and telecommunications continued to develop. In 1984, the total turnover of the posts and telecommunications industry was 134 million yuan, an increase of 11.7 percent. Of this, the turnover of letter mails service rose by 11.6 percent, the number of newspaper and magazines issued rose by 16.1 percent, the turnover of long-distance telephone service rose by 19.9 percent and the turnover of telegram service dropped by 3 percent. At the end of 1984, the number of urban telephones rose by 11.8 percent.

Expedited by the economic structural reform, the communications, posts and telecommunications industry once more raised its economic results. Our railway transport enterprises raised their per capita labor productivity by 15 percent and their realized profits by 20.1 percent. The average daily output of each carriage rose by 8.3 percent and the internal-combustion locomotives and electric locomotives reduced their per metric ton-kilometer consumption of fuel and electricity respectively. The communications enterprises under the

province's jurisdiction increased their annual realized profits and tax payments over 1983. At present, the increase in our communications, transport, posts and telecommunications industry still fails to satisfy the demand resulting from the development of our economy, and in particular, the problem of shortage of railway transport facilities urgently demands a solution.

#### 5. Commerce, and Supplies and Marketing of Materials and Goods

In order to adapt to the development of commodity production, our province carried out a reform in its supply and marketing cooperative system and commercial wholesale system. As a result, a number of trade centers and wholesale trade markets emerged, each having its own characteristics. The state-owned small commercial enterprises changed their management methods; collective and individual commerce developed quickly; the trade at fairs became even more prosperous, industrial enterprises increased their own retail sales, an open-type circulation system with many channels and few links was initially established; a relatively unblocked circulation network had come into shape; and the urban and rural market was enlivened.

The purchases of commodities continued to rise. In 1984, the purchase of commodities of our state-owned commerce and supply and marketing cooperatives totaled 18,470 million yuan, an increase of 10.4 percent. Included in this figure were: 8,034 million yuan of purchases of agricultural and sideline products, which was 6.3 percent more than that in 1983; and 10,335 million yuan of purchases of industrial products, an increase of 13.7 percent over 1983. The quantities of the purchases of major commodities increased compared with those in 1983. The quantity of cotton purchased was 140,500 metric tons, 36.1 percent more than that in 1983; and that of edible vegetable oil was 326,700 metric tons, 7.5 percent more than that in 1983. The number of pigs purchased totaled 19,050,000, an increase of 7.9 percent. The quantity of eggs purchased was 30,400 metric tons, an increase of 29 percent. The quantity of aquatic products purchased was 4,900 metric tons, an increase of 25.8 percent. The quantity of cigarettes purchased was 973,000 boxes, an increase of 16 percent. The quantity of woolen goods purchased was 13,716,000 meters, an increase of 110 percent. The number of bicycles purchased was 501,000 and that of television sets was 417,400, an increase of 6.7 and 45.6 percent respectively.

The supplies of commodities in our market increased sharply. In 1984, the retail sales of commodities in our society totaled 22,546 million yuan, an increase of 17.1 percent over 1983. The real increase of 14.5 percent after inflation adjustment. This amount of retail sales included: 19,462 million yuan of retail sales of consumer goods, which was 17.2 percent more than that in 1983; and 3,084 million yuan of retail sales of agricultural means of production, which was 16.1 percent more than that in 1983. The amount of social retail sales of major consumer goods rose markedly over 1983: That of grain rose by 30.9 percent, that of edible vegetable oil rose by 17.6 percent, that of fresh eggs rose by 33.2 percent, that of sugar rose by 14 percent, that of cigarettes rose by 13 percent, that of cloth rose by 5.4 percent, that of woolen goods rose by 29.6 percent, that of sewing machines rose by 9.4 percent, that of bicycles rose by 23.5 percent, that of television sets rose by 28.9

percent, that of audio recorders rose by 55.8 percent, that of electric fans rose by 38.4 percent, that of family washing machines rose by 80.3 percent, that of family refrigerators rose by 690 percent and that of wrist watches rose by 43.3 percent.

The commerce of all the diverse economic forms developed. The collective sector developed quicker than the state-owned economic sector while the individual economic sector developed even more quickly. In 1984 the retail sales of the state-owned sector totaled 14.24 billion yuan, an increase of 10.1 percent over 1983; that of the collective sector totaled 4,773 million yuan, an increase of 13.4 percent, that of the individual sector totaled 2,179 million yuan, an increase of 110 percent; and that of peasants to nonagricultural residents totaled 1,350 million yuan, an increase of 25.2 percent. The retail sales conducted by the industrial sector on its own totaled 1,740 million yuan, an increase of 26.4 percent.

Trade was active in urban and rural fairs. According to our initial statistics, in 1984, the total turnover of the trade in our urban and rural fairs in 1984 rose quite a lot. The total volume of trade of poultry and eggs rose by 32.9 percent, that of aquatic products rose by 33.1 percent, that of vegetables rose by 23.4 percent, and that of dried and fresh fruit rose by 41 percent.

The general price level in the market rose. In 1984, the general index of the purchase prices of agricultural and sideline products rose by 2.5 percent over 1983, the general index for the retail prices of the whole society rose by 2.3 percent, and the cost of living index for our staff and workers rose by 2.2 percent. Included in the rise of staff and workers cost of living index was a 1.6 percent increase in the retail prices of consumer goods and an 8.6 percent increase in service charges. The increase in our province's general retail price index was due to the increase in the prices of fresh vegetable, aquatic products, and agricultural means of production.

In 1984, the sales of major means of production increased over 1983, that of coal rose by 5.2 percent, that of steel rose by 11.5, that of cement rose by 3.8 percent, but that of timber dropped by 0.4 percent. The turnover of the floating funds of our materials and goods departments was quickened and the turnover period dropped from 71 days in 1983 to 64 days in 1984.

In 1984, there continued to be a relatively great shortage of the supplies of products of well-known brands in the market and the economic results of our state-owned commerce were not satisfactory enough.

## 6. Economic Cooperation, Foreign Trade, and Tourism

Heartening achievements have been scored in the work of external economic cooperation. In 1984, on the basis of the principle of "conducting cooperation on an equal footing, benefiting both parties concerned, learning from and helping each other to overcome each other's weak points, helping supply each other's needs, conducting cooperation in diverse forms, and achievement development together," our province vigorously developed technological cooperation and exchange of materials and goods between areas inside our province

and between our province and other areas at home, began to strengthen horizontal economic links with the coastal open cities and with Huabei, Dongbei and Xibei, and achieved heartening results in its work of economic cooperation. Throughout the year, contracts were made for 1,319 cooperation projects, of which 521 were economic cooperation projects and 798 were technological cooperation projects. The funds involved in these projects totaled 435 million yuan and the value of commodities acquired and supplied through these contracts totaled 560 million yuan.

The total volume of imports and exports in our foreign trade rose and the province fulfilled its planned target for the purchases of commodities for exports. In 1984, the province's total purchases of commodities for exports was 1,076 million yuan, which was 120.6 percent of the year's planned target. The volume of export conducted by the province on its own totaled \$200 million, which was 139 percent of the year's planned target and an increase of 69.3 percent over 1983. In the commodities that the province exported on its own, the percentage of processed agricultural and sideline products rose from 19.3 percent in 1983 to 35.4 percent in 1984, and that of agricultural and sideline products dropped from 47.8 percent to 36.1 percent. Compared with that in 1983, among the commodities exported, textile goods rose by 250 percent, silk rose by 60.6 percent, leather shoes and other leather goods rose by 10.3 percent. The exports of canned food increased even more sharply. The total value of purchases of goods for export in our province constituted a very small percentage of our province's gross industrial and agricultural output value. This requires us to further develop our foreign trade.

Tourism continued to develop. In 1984, the province received 72,200 people from 29 countries and areas who came to the province as tourists or to visit various places, their relatives or their friends, or to carry out trade or sport, scientific or cultural exchanges. The number of these visitors was 31.5 percent larger than that in 1983. Among them, 51,100 were foreigners, an increase of 28.4 percent over 1983; and 21,100 were Overseas Chinese and Hong Kong, Macao, and Taiwan compatriots, an increase of 39.8 percent. The total income of foreign exchange for the year was 18.4 million yuan (of foreign exchange certificates), an increase of 35.4 percent.

## 7. Science, Education, Culture

New achievements were scored in the work of scientific research. In 1984, the province scored achievements in 498 major scientific and technological projects. Among these projects, 155 won provincial scientific and technological awards, including 1 first-class, 12 second-class, 37 third-class, and 105 fourth-class awards. One award for popularization of research achievements was won. The project that won the first-class award was "new technology for esterifying synthetic hexanoic-progesterone," which was more rational in its design and had marked economic results compared with the old technology, and which reached the advanced level at home. The project that won the award for popularization of research achievements was the project called "hybrid combination between Changbai and local pigs," which was popularized in Si County with marked economic results.

In 1984, our province ran higher education in diverse forms, made experiments of colleges undertaking responsibility to train personnel for other units and recruiting nonresident students who paid their own tuition fee. Thus it recruited more college students and achieved better results. It fulfilled ahead of the schedule the targets of the Sixth 5-Year Plan for the number of students recruited and the number of students studying at colleges. The province recruited 1,114 postgraduates, 365 more than it did in 1983. There were 2,849 postgraduates studying in our colleges, 991 more than there were in 1983. Ordinary higher education institutes recruited 32,200 students in 1984, 31.4 percent more than they did in 1983. The number of students studying there totaled 93,600, an increase of 17.9 percent. Adult higher education institutes recruited 29,600 students, an increase of 11.3 percent over 1983 and the number of students studying there totaled 76,200, an increase of 7.8 percent. Middle school education continued to develop and vocational education was strengthened. In 1984, the number of ordinary senior middle school students in the province totaled 446,000, an increase of 10.59 percent; that of ordinary junior middle school students totaled 3,335,500, an increase of 2.98 percent; that of secondary technical school students totaled 104,100, an increase of 10.9 percent; that of agricultural and vocational school students totaled 95,000, an increase of 32.7 percent; and that of primary school students totaled 14,726,000, a decline of 1.79 percent. The rate of school age children studying in schools rose from 92.1 percent in 1983 to 93.7 percent in 1984.

In the process of socialist spiritual civilization, our cultural, artistic, theatrical, press, radio and television broadcasting and publishing sectors made new contributions. In 1984, our province won awards in national evaluation and was praised for 10 of its theatrical works and artistic performances including the opera "Torch Festival," the Sichuan Opera "Goddess of the Lotus," and an acrobatics performance "Lithe Movement on a Rolling Cup." The Chengdu Acrobatic Troupe gave a performance during the 23d Olympic Games artistic festival and was well received.

In 1984 the province produced 10 feature films, put on 195 new films (full length) of various kinds, made 19 television series and 22 radio plays. Its feature film "A Young Girl in Red" won the fifth "Golden Rooster" Award for the best feature film. Throughout the province, there were 15,500 film projecting units of various kinds, 215 artistic performance groups, 2.19 million cultural centers [as published], 111 public libraries, 21 museums, 6 radio broadcasting stations, 3 central television stations and 21 television transmitting and relay stations. In 1984, 980 million copies of local newspapers were published, an increase of 29.4 percent over 1983; 59.34 million copies of magazines of various kinds were published, an increase of 29.8 percent, and 639 million books and pictures were published, an increase of 8 percent.

## 8. Public Health and Sports

The public health sector continued to develop. At the end of 1984, throughout the province, there were 283,600 professional medical workers, 3,000 more than there were in 1983. Among them, there were 123,800 doctors, an increase of



1,000 people; and 45,900 nursing officers and nurses, an increase of 800 people. There were 183,700 hospital beds, an increase of 2,500 beds.

Marked achievements were scored in the field of sports. In 1984, our province's sportsmen broke 1 world record, 5 Olympic records, 1 Asian record, and 14 national records. Three of our province's female volleyball players made a contribution in our country's women's volleyball team when it won first place three times in succession. A new archer in our province broke five Olympic records and won the second place in the women's all-round event. Our sportsmen won 19 medals in international contests, including 5 gold, 10 silver, and 4 bronze medals. They won 122 medals in national contests including 34 gold, 37 silver, and 51 bronze medals. Compared with the total in 1983, the province won 22 more medals.

Mass sports activities continued to develop. In 1984, 2,152 sports meets above county level were held in the whole province, an increase of 247 over 1983. The number of sportsmen taking part in the sports meets totaled 570,000, an increase 184,000. The number of people who attained the "state sport training standard" was 2,090,000, 562,000 more than that in 1983.

#### 9. People's Livelihood

On the basis of the development of production, the living standard of our urban and rural people continued to improve. According to a sample survey of 2,820 peasant families in 44 countries, in 1984 the per capita net income of our peasants was 286.76 yuan (of which 253.8 yuan was earned from their production and management activities), an increase of 28.37 yuan or 11 percent over 1983. The per capita living expenditure was 251.83 yuan, an increase of 20.71 yuan or 9 percent over 1983.

According to a sample survey of 1,560 families of staff and workers in 16 cities and counties, in 1984, the per capita income of the members of staff and worker families that can be used for living expenditure was 568.9 yuan, an increase of 18.1 percent. The real increase was 15.6 percent after inflation readjustment. The per capita living expenditure was 542.5 yuan, an increase of 14 percent.

In 1984, the wages of the staff and workers in the whole province totaled 7.16 billion yuan, an increase of 1.09 billion yuan of 17.9 percent over 1983, the per capita wage was 912 yuan, an increase of 124 yuan or 15.7 percent over 1983. Of this, total amount of wages, bonuses, and premiums paid for overtaking production quotas totaled 1.11 billion yuan, an increase of 45.8 percent which was greater than the range of increase in the province's national income and labor productivity. The problem of this excessive increase was particularly serious in the fourth quarter.

As the income of our urban and rural people rose, their bank deposits continued to increase. At the end of 1984, the balance of the bank deposits of our urban and rural people totaled 6.62 billion yuan, an increase of 40.6 percent over 1983.

In 1984, the province provided jobs for 250,000 urban job-awaiting people. At the end of the year, the number of staff and workers in the whole province totaled 7,996,000, an increase of 185,000 over 1983. Included in this figure were 5,916,000 workers and staff members in the units owned by the whole people and 2,072,000 workers and staff members in collective units. At the end of 1984, there were 264,000 urban individual laborers, an increase of 51,000 over 1983.

The province to some extent strengthened labor protection and social welfare services. In 1984, the number of deaths and heavy casualties caused by accidents among the staff and workers in our province's enterprises was reduced respectively by 1.7 and 8.7 percent. There were 2,084 old folks' homes run by rural collectives, which took in 19,400 people. Our urban areas ran 98 social welfare and children's welfare centers, which took in 5,070 people. The province has already begun to develop life insurance and personal property insurance business.

#### 10. Economy and Culture in Minority Areas

In 1984, our province continued to implement the party's various policies toward the areas of minority nationalities, gave play to the initiative of the people of various nationalities and thus enabled these areas to achieve new economic and social development. The gross industrial and agricultural output value of the areas of minority nationalities (including 3 prefectures and 7 counties) for the year amounted to 2,917 million yuan, which was an increase of 11.7 percent over 1983 and a relatively great increase in the past few years.

These areas reaped a bumper harvest in their agriculture and increased their output of grain and major industrial crops. In 1984, the gross agricultural output value amounted to 1,977 million yuan, an increase of 10.9 percent over 1983; the output of grain was 2,691,000 metric tons, an increase of 5.4 percent; that of sugar cane was 308,800 metric tons, an increase of 25.8 percent; that of sugar beet was 14,300 metric tons, an increase of 12.6 percent; that of oil crops was 28,100 metric tons, an increase of 3.7 percent; that of flue-cured tobacco was 13,500 metric tons, an increase of 68.6 percent; and that of tea was 3,200 metric tons, an increase of 9.5 percent.

The animal husbandry there continued to develop. At the end of 1984, the number of large animals in hand was 5,253,000, an increase of 3.6 percent over 1983; that of pigs in hand was 4,275,000, an increase of 7.8 percent; and that of sheep and goats in hand was 6,780,000, an increase of 2 percent. The year's total output of pork, beef, and mutton was 161,000 metric tons, an increase of 19.4 percent; that of milk was 146,000 metric tons, an increase of 13.7 percent; and that of wool was 2,537 metric tons, a slight decline compared with that in 1983.

Industrial production continued to increase. The gross industrial output value for 1984 was 940 million yuan, an increase of 13.5 percent over 1983. Included in this figure was 389 million yuan of gross light industrial output value, which was an increase of 12.8 percent compared with that in 1983; and 551 million yuan of gross heavy industrial output value, which was an increase of 13.8 percent over 1983.

People's income rose in the areas of minority nationalities and their living standard continued to improve. In 1984, the wages of staff and workers totaled 495 million yuan, an increase of 12.9 percent over 1983; and the per capita wage of the staff members and workers was 1,007 yuan, an increase of 109 yuan or 12.1 percent over 1983. According to a sampling survey of 240 families of peasants and herdsmen in Xichang, Yuexi, Kangding, and Jinchuan counties, the net per capita income of peasants and herdsmen was 304 yuan, an increase of 45 yuan or 17.4 percent over 1983, the balance of the bank deposits of urban and rural people totaled 348 million yuan, an increase of 17.6 percent over 1983. The total social commodity retail sales was 1.27 billion yuan, an increase of 13.5 percent.

Cultural, educational and public health sectors also developed to some extent there. At the end of 1984, there were 24,500 professional medical workers, 16,400 hospital beds, 1,760 film projection units and 1,168 wired broadcasting stations. The province published 757,000 books in the languages of the Zang and Yi nationalities, and the three prefectures published 11.74 million copies of local papers at prefectural level and 76,000 copies of magazines. During 1984, the various kinds of schools there recruited 276,200 students in all. Included in them was 900 college students, and 2,900 technical school students. The number of students studying in various schools totaled 1,034,100, of which 1,900 were college students, 7,200 were technical school students, 188,200 were ordinary middle school students, and 835,000 were primary school students.

#### 11. Population

At the end of 1984, the total population in the province was 101,117,000 people, an increase of 362,000 people compared with the 100,755,000 people in 1983.

Because the number of the women at the best age for child birth has fallen and the work of family planning continued to deepen, the natural population growth rate dropped. According to a sample survey, the birth rate for 1984 was 10.83 per thousand, the death rate was 7.13 per thousand, and the national population growth rate was 3.70 per thousand.

CSO: 4006/552

PROVINCIAL AFFAIRS

REPORT ON REFORM OF BEIJING'S ECONOMIC STRUCTURE

HK160901 Beijing BEIJING RIBAO in Chinese 21 Mar 85 pp 2-3

["Report on Reform of Beijing's Economic Structure Delivered by Vice Mayor Han Boping on 10 Mar, 1985, at the Fourth Session of the Eighth Beijing Municipal People's Congress (Excerpts)"]--passages within slantlines published in boldface]

[Text] The State of the Reform of the Economic Structure in 1984

in 1984, under the leadership of the CPC Central Committee and the State Council and in accordance with the arrangements made by the Beijing Municipal CPC Committee, the municipality paid close attention to party rectification and the reforms, implemented the principle of revitalizing the domestic economy and opening the country to the world, and further implemented the instructions issued by the CPC Central Committee and the State Council on the construction of the capital city. As a result of the joint efforts made by the people of the municipality, we achieved great success in the capital city's ideological, political, scientific, cultural, and economic construction, based on the special characteristics of the capital city, and in beautifying its environment. Social order and social customs took a turn for the better, great progress was made in the work on various fronts, and the people of the municipality became more and more enthusiastic about advancing in the direction of the realization of the municipality's four modernizations.

In 1984, on the basis of a summary of past experience and with the impetus given by the party rectification drive and by the 35th anniversary of the founding of the country, the city made new progress in the reform of the municipality's economic structure. The rural reforms developed in depth. In the course of the urban reforms, we did much with remarkable success to revitalize the enterprises and circulation, to take the second step in substituting taxes for the delivery of profits, and to separate government from enterprise functions.

/The rural reforms developed in depth./ With attention focused on the development of a commodity economy, we further perfected the system of contracted responsibilities with payment linked to output, readjusted the production setup in the rural areas, and reformed the management system. The system of contracted responsibilities with payment linked to output was popularized from

the growing of crops to forestry, animal husbandry, and fishery and the so-called township enterprises in agriculture, forestry, animal husbandry, and fishery. Last year, the number of key households and households doing specialized jobs reached 300,000 which constituted about 30 percent of the total number of peasant households and was an increase of 38 percent over 1983. In the spirit of the principle of serving the capital city, catering to the needs of the market, combining the urban areas with the rural areas, suiting measures to local conditions, and making the most of the superior conditions, the counties and districts readjusted the production setup at a rapid pace and vigorously developed the township and town enterprises. Last year, there were more than 7,000 township or town enterprises and the total number of such enterprises exceeded 16,000. More than 144,000 people went into industry, commerce, and various services and the total number of people employed by the industrial and commercial enterprises and various services reached 650,000. The rural economy featured agriculture, forestry, animal husbandry, sideline production, fishery, industry, building construction, transportation, commerce, and various services. The total income of the township and town enterprises accounted for 41 percent of the total income derived from the collective economy in the suburban areas and the total output value created by the township and town industrial enterprises accounted for 49.4 percent of the total social output value created by the rural areas. The vigorous development of the township and town enterprises greatly helped the rural areas to accumulate funds and to ensure the production of grain, vegetables, and other non-staple foodstuffs and helped the peasants increase their income. The counties, townships, towns, and villages separated government from enterprise functions and reformed the economic management system. Many counties and districts enthusiastically guided the peasants to execute joint operations with people either from the same townships, the same counties, and the same cities or from other townships, other counties, other cities, and other parts of the world. Enterprises under different ownership systems were also guided to execute joint operations of various types. In 1984, the peasants formed more than 2,600 new combines of various types and they established more than 480 joint enterprises with various central units, municipal units, institutions of higher learning, PLA units stationed in the capital city, people from other parts of the country, and foreign businessmen. In addition, they also imported some advanced technologies and facilities from abroad. Their businesses developed from agricultural production in the direction of commerce, tourism, various services, and other areas of tertiary industry. The development of new combines and joint enterprises made the rural economy flourish and paved the way for the extensive development of commodity production and for technological development.

/The urban reforms developed in extent and depth./ With their attention focused on the efforts to put an end to the practice of "eating from the same big pot" of the enterprises and the state and in accordance with the State Council's stipulations on taking the second step in substituting taxes for the delivery of profits, the state-owned enterprises substituted taxes for the delivery of profits, achieved initial success in solving the problem of "enterprises eating from the same big pot of the state," and provided conditions for the delegation of greater decisionmaking power to the enterprises. By establishing and perfecting various systems of contracted responsibilities and by reforming the systems governing the distribution of salaries and awards, the enterprises



achieved some initial success in solving the problem of "workers eating from the same big pot of the enterprises."

Last year, in accordance with the State Council's instruction that "building the construction industry should be regarded as a starting point for the urban reforms," we applied the system of signing contracts to fix the amount of wages for every 100 yuan's worth of finished work in the state-owned building construction enterprises, the state-owned enterprises responsible for urban service, and those state-owned enterprises which install facilities for others. In constructing residential buildings, we applied the system of contracted responsibilities for the building cost of each square meter of floor space, tenders were invited for building several projects, and the design departments also applied the system of contracted responsibilities. These reforms helped us to achieve some initial success in putting an end to the monopolistic management system in the building construction industry. In addition, they also helped us to construct buildings at a higher speed and to improve the quality of the buildings and the economic results. The per capita labor productivity of the collectively-owned construction enterprises was equivalent to more than 8,200 yuan, an all-time high and an increase of 27.3 percent over the previous year. The municipal building construction company built 1.50 million square meters of buildings and its per capita labor productivity was equivalent to more than 10,000 yuan. In past years, it could only build 1.30 million square meters of buildings a year and its per capita labor productivity was equivalent to about 7,000 yuan to 8,000 yuan. Most of the residential buildings built under the system of contracted responsibilities for the building cost of each square meter of floor space were completed 1 or 2 years ahead of schedule. New progress was made in the building of several key construction projects. The proposed time limit for the completion of the municipality's largest three-purpose flyover, which was 2 years, was shortened to 9 months. That means, it was completed more than 1 year ahead of schedule. The municipal architecture and designs institute created a new situation in design work by applying the system of contracted economic and technical responsibilities. Last year, it completed the designs for 6.03 million square meters of buildings, an increase of 44 percent over the previous year. The units responsible for gardening, public transport, and housing management under the urban service departments also applied the system of contracted responsibilities for quality of service with rather remarkable results.

The commercial departments reformed the management system and the wholesale system and revitalized circulation at a rather rapid pace. By the end of last year, 4,936 state-owned sales departments or stores doing retail business or providing various services had basically undertaken independent accounting and 4,697 small state-owned enterprises doing retail business or providing various services had been reformed according to the principle of "operating independently, practicing independent business accounting, paying taxes according to the regulations, and assuming sole responsibility for one's own profit or loss." Some of these enterprises became collectively run enterprises owned by the whole people, some directly became collectively-owned enterprises, and others were run by collectives or individuals on a lease basis. The municipality built 39 state-run general or specialized wholesale markets, some collectively-owned trade centers, and some warehouses. These wholesale

markets and trade centers expanded their business, bought goods through many channels, purchased and sold products by various means, and decreased the numbers of links in their operations, thus taking the first step in transforming the closed, distributive wholesale system into an open circulation system. Another progress in the commercial reforms was that we achieved great success in breaking the bonds of many different trades, different regions, and different enterprises under different ownership systems, in extensively establishing vertical and horizontal ties, in opening the municipality to other parts of the country and other parts of the world, in cooperating with various provinces, cities, autonomous regions, and foreign countries, and in providing agricultural-commercial, industrial-commercial, and agricultural-industrial-commercial services. Last year, more than 40 new restaurants serving exotic dishes started business. In addition, we also devoted vigorous efforts to developing individual, collective, and cooperative commercial service. Last year, the number of collective and individual shops increased by more than 3,000 and the number of street pedlars increased by more than 10,000. All the reformed enterprises applied and perfected various systems of contracted responsibilities for operations, thus arousing the enthusiasm of the workers employed by the commercial undertakings. Many shops expanded business and extended their business hours. In this way, their businesses flourished and their service improved in varying degrees.

In the course of the industrial reforms, in accordance with the State Council's 10 stipulations on expanding the decision making power of the state-owned industrial enterprises, the municipal government and the departments concerned further decentralized power and expanded the enterprises' business decisionmaking power. A total of 416 local state-owned industrial enterprises took the second step in substituting taxes for the delivery of profits. The policies governing the collectively-owned enterprises were made still less restrictive and 499 of the collective industrial enterprises subordinate to the municipal authorities were allowed to independently operate as collective industrial enterprises. In the management of small state-owned industrial enterprises, we applied the principle of "being owned by the whole people, being run by the collectives, paying taxes according to the regulations, and assuming sole responsibility for one's own profit or loss." Last year, in some enterprises, we reformed the leadership systems and distribution systems on a trial basis. In 33 key enterprises, we applied the system of the directors assuming full responsibility, also on a trial basis. In another 36 enterprises, we tried to link the total amounts of wages to the economic results. In the coal mines, we tried out the system of signing contracts to fix the amount of wages for each ton of coal produced. These reforms enabled the enterprises to transform themselves from production enterprises into commercial, pioneering enterprises. The business of the collective enterprises and small state-owned enterprises flourished and they developed rather rapidly. Some large and medium enterprises also made full use of their superior conditions, strove to invigorate themselves, and improved their economic results notably. In order to meet the demands imposed by the development of commodity production, most enterprises enhanced their competitive power and paid close attention to technological advance and technical transformation. Last year, the municipal departments in charge of local industry invested 740 million yuan in technical transformation, an increase of 25 percent over the previous

year. The reforms gave impetus to the combination of the urban areas with the rural areas and to the cooperation between specialized departments and enabled us to take "the road of the white orchid [bai lan dao lu -- 4101 5695 6670 6424]." In the municipality, there were more than 670 plants and factories which allowed the township and town industrial enterprises to produce products and manufacture parts for them and there were many forms of cooperation between them. The technological cooperation and the cooperation in production developed between some factories on one hand, and some provinces and cities on the other. Many enterprises, which were previously characterized by unitary production, developed both specialization and diversification and contributed to the development of tertiary industry. By the end of last year, the industrial enterprises and the mines had established more than 1,100 commercial service stations, which employed more than 46,000 people.

/The departments in charge of scientific research, education, cultural activities, sports activities, medical services, and public health enthusiastically explored the road of reforms./ In the municipality, 51 scientific research institutes, that is, two-thirds of the municipality's scientific research institutes, applied the system of responsibilities for scientific research. In addition, in 30 scientific research institutes responsible for the development, popularization, and application of new technologies, we applied the system of "paid transfer of technologies on a contract basis" and the system of "contracted responsibilities for research projects." We also correspondingly expanded their decisionmaking power and transformed the relationship between the state and these scientific research units from that of administrative management into that of contracted management. These reforms gave great impetus to combining scientific research with production. Last year, the number of scientific achievements transferred by the scientific research units was 1.6 times greater than that in 1983 and scientific research was geared to the pressing needs of the urban and rural areas for technological advances in their economic development. The institutions of higher learning and the special secondary schools reformed their administrative systems on a trial basis and tried out the system of personal responsibility and the system of presidents or principals assuming full responsibility. In addition, we also gained some experience in reforming the free medical service and in encouraging the community to establish medical and public health undertakings by various means.

In order to be in step with the reform of the grassroots units in the rural areas and the cities, the departments responsible for planning, financial work, taxation, banking, labor service, personnel management, industrial and commercial administration, price control, external economic relations, and foreign trade also conducted coordinated, synchronous reforms and the committees and offices concerned under the municipal government made initial efforts to streamline administration and to decentralize power. These reforms and the reform of the grassroots units stimulated and gave impetus to one another.

The in-depth development of the reforms aroused the enthusiasm of the masses of workers, peasants, and intellectuals. In 1984, with one heart and one mind, in high spirits, and under the leadership of the CPC Central Committee and the State Council, the people of the municipality took an important step in the direction of building the capital city into one with a high level of socialist civilization.

/Industrial and agricultural production grew and the economic results improved notably./ The municipality's gross industrial and agricultural output value was 31.57 billion yuan, an increase 11.7 percent over the previous year. Last year's growth rate was the highest since the 3d Plenary Session of the 11th CPC Central Committee. Last year, we hit an all-time high in grain production and grain output was 4.35 billion jin. There was quite an enormous increase in the output of vegetables, milk, poultry, fish, and dried and fresh fruits, which are of great importance to people's livelihood. More and more pigs were raised for lean meat. The total income of the township and town enterprises was 3.2 billion yuan, an increase of 26 percent over the previous year. Both the gross and net income derived from the rural collective economy was 200 percent of that in 1980. The municipality's gross industrial output value was 28.17 billion yuan, an increase of 12.4 percent over the previous year. The number of new products increased by 34 percent. The quality of more than 70 products was up to international standards and the quality of another 900 products was up to the country's advanced standards. The state gave prizes to 58 products for their high quality, an increase of 35 percent over the previous year. Economic results improved notably and there was a simultaneous increase in gross industrial output value, profits, and revenue.

/Capital construction, particularly basic urban construction, yielded excellent results./ The municipality invested 5.21 billion yuan in fixed assets, 35.6 percent more than in the previous year. The total amount of investment in capital construction was 3.61 billion yuan, an increase of 33.2 percent over the previous year. The total area of the residential buildings built in the towns was 8.187 million square meters, an increase of 5.6 percent over the previous year. The amount of investment in basic urban construction was 52.1 percent larger than that in the previous year. The construction of four new flyovers was completed. The second phase of the construction of the underground railroad was concluded and trains are now running. The number of telephonesets increased by more than 23,000 and the total areas of roads built or extended was 1.24 million square meters. The number of households using coal-gas increased by 51,000.

/Urban administration was further strengthened and new progress was made in greening and beautifying the municipality. About 2.08 million trees and 1.25 million square meters of grass were planted in the suburban areas and 10 gardens were either built or extended. Vigorous efforts were devoted to environmental protection and the appearance of the municipality changed notably. Vigorous efforts were devoted to the repair of houses and buildings and progress was made in water supply and the construction of sewage works.

/New achievements were made in foreign economic relations, foreign trade, and tourism./ In 1984, more technologies were imported and more foreign capital was utilized than ever before. Last year, the municipality signed contracts for 393 projects valued at \$560 million. These projects were executed with imported technologies and foreign capital. The total volume of the municipality's exports was \$630 million. The total number of tourists visiting the municipality was 657,000, an increase of 29.1 percent over 1983.

Revenue steadily increased./ The municipality's revenue was 4.433 billion yuan, an increase of 13 percent over the previous year. Last year was one in which the municipality's revenue increased enormously.

Buying and selling were brisk in the urban and rural markets and people's livelihood further improved./ The reform of the circulation system and the increase in the number of commercial stations played an important role in giving impetus to the development of production, in unclogging the circulation channels, in supplying more goods to the capital city's markets, and in making things convenient for the people. In 1984, the total volume of the retail sales of social commodities was 10.17 billion yuan, an increase of 21.6 percent over the previous year. The increase has been the biggest since 1957. The number of television sets, refrigerators, washing machines, and other expensive goods sold increased enormously. The people's income increased. The average annual per capita income of the workers was 1,159 yuan, about 150 yuan more than in the previous year. The average annual per capita net income of the peasants was 664 yuan, also about 150 yuan more than in the previous year.

Rather significant progress was made in education, scientific and technological work, cultural work, public health, and sports activities./ In view of the general demand for trained people, the institutions of higher learning enrolled more than 30,000 new students, 3,800 more than in the previous year. There were 9 counties and districts which established university branches and the number of students currently enrolled in these branches was about 1,000. We continued to restructure secondary education and vocational education and adult education developed rapidly. The number of students receiving a secondary vocational education was 143,000, an increase of more than 100 percent over the previous year. Scientific research yielded more than 800 achievements. Literature, the arts, the press and publications flourished and mass cultural activities were enthusiastically organized. Vigorous efforts were devoted to health care and public health work. Population growth was controlled in a planned manner. The performance of some of the municipality's athletes was quite good in national and international contests. Television programmes could be beamed to over 98 percent of the population. New achievements were made in the preservation of cultural relics and in the building of museums.

The reforms changed the people spiritually, the "five stresses, four beauties, and three loves" drive developed in depth, and social customs took a notable turn for the better./ More than 1 million young workers were given political training which was about 91 percent of the total number of young workers. About 770,000 workers took part in the drive "to revitalize China through studying." The municipality had more than 3,600 civilized units and there were many civilized factories, villages, and shops.

Last year, comprehensive efforts were made to improve social order and to crack down on serious crimes and criminals and the social order in the capital city was better than in the previous 18 years./ The number of criminal cases was 46.6 percent smaller than that in the previous year. Incidence of crimes decreased to 6.2 per 10,000 and the number of cases cracked increased.



The vigorous efforts devoted to social order and public security ensured that the celebrations of the 35th national day and other major political activities were safely launched and that the reforms were smoothly carried out.

As a result of the joint efforts made by the people of the municipality, the major objectives of the national economic and social development in 1985, laid down in the "Sixth 5-Year Plan" approved by the municipal people's congress, have all been achieved ahead of schedule.

The reforms carried out in the past few years and the remarkable results they have yielded have convincingly demonstrated that the line, principles, and policies adopted by the CPC Central Committee and its decisions on the reforms are totally correct. The smooth and healthy development of the municipality's reforms was fundamentally a result of the direct support and correct guidance punctually given by the CPC Central Committee and the State Council. The departments under the CPC Central Committee and the State Council, the PLA units stationed in Beijing, various mass organizations, and various democratic parties have also given us great support and help. However, this is also a result of the arduous efforts made by the people of the municipality. Under the leadership of the municipal CPC committee, the municipality's governments at various levels persistently acted in unison with the CPC Central Committee in ideological and political affairs, unremittingly eliminated "leftist" ideological influence, and further straightened out the ideologies guiding all areas of work. In directing work, we first launched pilot projects and then gradually popularized the experience thus gained. In addition, we also paid attention to combining the reform of production relations with technical transformation and the import of technologies and to combining the leadership exercised by governments at all levels with respect for and reliance on the advisory role played by intellectuals and experts. Thus, the reforms were in conformity with the actual circumstances and they gave great impetus to the development of various undertakings.

Problems still exist in our work. The "difficulties" encountered by urban dwellers in their daily life still remain a prominent problem. The problem of the low standard and poor quality of social and other services has yet to be solved. The development of cultural undertakings, educational services, public health, and sports still falls short of the people's expectations. All this does not agree with Beijing's status as the capital city. Although the rural economy has been revitalized, however, the economies of the mountain areas have developed rather slowly and some areas are still rather backward and poverty-stricken. Since October last year, in the course of the reforms, our major problem has been the emergence of the unhealthy tendency to indiscriminately distribute premiums and material awards and to arbitrarily raise salaries, the unhealthy practice of price hikes, and the unhealthy tendency to resell goods and materials in short supply and those much sought-after commodities. We did not check these unhealthy tendencies in time and they have produced adverse effects on the reforms and our work. Reviewing the municipal government's work in the past year, we find that our major problems were: In exercising leadership, we did not thoroughly study the new problems and new circumstances, we lacked farsightedness, and we failed to adopt vigorous, corresponding measures promptly; we did not thoroughly study those strategic problems which have a bearing on the overall situation and we did not make the

corresponding overall arrangements; we did not have an adequate understanding of the harmfulness of the unhealthy tendencies, we underestimated it, we failed to check these unhealthy tendencies promptly, and we did not strictly enforce the laws; and we lacked experience in simultaneously revitalizing the economy and strengthening supervision and management. In addition, we did not thoroughly study those problems concerning the applicability of various policies and we did not intervene in things as we should have thus giving speculators and those who seek personal gains an opportunity to do evil things. We must, with the support and help given by the masses, earnestly solve these problems.

#### The Main Objectives of the Reform of the Economic Structure in 1985

The "Decision of the CPC Central Committee on the Reform of the Economic Structure," which was approved at the 3d Plenary Session of the 12th CPC Central Committee, is a magnificent blueprint for the reform of our economic structure as well as a programme for directing the reform of the economic structure. The year 1985 is the first year in which we are carrying out the reform of the economic structure, which is focused on the cities. The need to consolidate and develop the excellent situation requires us to make the reforms in this year a success. In addition, the key to the smooth implementation of future reforms also lies in the successful implementation of this year's reforms. In carrying out the rural economic reforms, it is necessary to continue to open the rural economy to the world, on the basis of the three bold steps taken in the past 3 years and by acting in the spirit of the central documents issued this year. It is also necessary to give further play to the role of market regulation in production and circulation and to give impetus to the extensive development of commodity production and the rationalization of the production setup in the rural areas in order to adapt this production setup to the development of the commodity economy. Starting from this year, the focus of the reform of the economic structure should be shifted onto the cities. The reform of the cities' economic structure is more complicated and more energy-consuming than the reform of the rural economic structure. It affects various trades and various links in the economic management system. Although we are quite inexperienced, we should be able to see that the current political and economic situations are excellent, that the country is becoming increasingly stable and united, that industrial and agricultural production is expanding in all respects, that there is an enormous increase in the supply of social commodities, that the people's livelihood is steadily improving, that since the 3d Plenary Session of the 11th CPC Central Committee, the lines, principles, and policies adopted by the central authorities have become increasingly popular, and that the reform accords with the will of the people and the general trend of events. The people look forward to and support the reform. We should take this favorable opportunity to bring every positive factor into play, to unswervingly push forward the reform of the cities' economic structure, and to consolidate and develop the excellent situation. The guiding principle for the reform is: /Be careful with the initial attempt and be sure to score victories./ The leaders should personally attend to the pilot projects and we should popularize the experience thus gained, look around before we take the next step, and advance steadily. This year, according to the arrangements made by the CPC Central Committee and the State Council and on the premise that efforts are made to

revitalize the enterprises and to steadily improve the economic results, it is necessary to concentrate efforts on the reform of the wage and price systems in order to create favorable conditions for regulating the economic relations. The successful reform of the wage and price systems will add to the vitality of the enterprises and grassroots units, further arouse the enthusiasm of the masses and cadres, and give impetus to the rapid development of various undertakings.

I will now report to you the main objectives of the reform of the municipality's economic structure in this year:

1. Concerning the reform of the wage system/

It is pointed out in the "Decision" made at the 3d Plenary Session of the 12th CPC Central Committee that the serious implementation of the principle of distribution according to work and the reform of the wage system are component parts of the reform of the economic structure. The wage system currently in force is basically the same as that formulated in the 1950's. It has played an important role in history. However, now it can no longer meet the requirements imposed by socialist modernization and the building of the contingents of workers. Its major drawback is that under this system, the workers' income, which is derived from the work, is divorced from their duties, responsibilities, competence, and contributions. This prevents the workers from giving play to their enthusiasm and affects the smooth implementation of the reform of the economic structure. Thus, the reform of the wage system is a must. The main purpose of this reform is to put an end to the serious malpractice of "eating from the same big pot" and egalitarianism and to establish a new and more reasonable wage system, which is based on the principle of distribution according to work.

We must understand that problems with the wage system have piled up in the past 20 or more years and that they cannot be solved all at once. The amount of salary increase is dependent on the development of production and the rise in productivity. Thus, the purpose of the current reform of the wage system is to shift the wage system onto a new track. There will not be a very generous overall increase in salaries this time. We can only do what we can afford. In the future, if production constantly develops and the national income constantly increases, the workers' income will also steadily increase.

The reform of the wage system, which is to be carried out within this year, is a knotty and formidable task for the state-owned enterprises, various organs, and various institutions. It involves many things, is closely related to the policies, and has a bearing on the immediate interests of the masses of intellectuals, cadres, and workers. Thus, we must be careful with it. It is necessary to resolutely do things in accordance with the overall arrangements made by the State Council, to launch pilot projects first, to popularize the experience gained from the pilot projects, to work in a down-to-earth manner, and to advance in a step-by-step manner. Units are not allowed to go their own way, to imitate one another, or to take actions without authorization. Not long ago, some units indiscriminately raised salaries and indiscriminately distributed premiums, subsidies, and material awards. These malpractices must be resolutely corrected. They should either ask the workers to return the

money or deduct it from this year's salary increase. Those units which distributed more premiums and subsidies than the prescribed amounts must, in strict accordance with the relevant regulations promulgated by the State Council long ago, pay the exact amounts of taxes levied on premiums. In carrying out the reform of the wage system, all units should strengthen leadership and they must strictly observe discipline in order to ensure a smooth implementation of this reform.

## /2. Concerning the reform of the price system/

As a result of various historical factors and the scanty attention paid to the role of the law of value over past years, there are many irrationalities in the price system currently in force in our country. The major ones are: that the prices of some mineral products and raw and processed materials are too low, which is an unfavorable condition for the development of these industries or for helping the processing industries to improve their economic results and make technological advances; that the selling prices of the most agricultural and sideline products are lower than their buying prices, which, in addition to being an unfavorable condition for readjusting the setup of agricultural production, forces the state's finance departments to distribute more subsidies each year; that people are charged too little for some services and that as a result, the enterprises providing these services are far from energetic, develop slowly, and even decline; and that products of the same type but differing in quality are sold at the same price, which is an unfavorable condition for improving the quality of products and for increasing their varieties. If we do not put an end to such a state of things, we cannot solve the problem of revitalizing the enterprises or give impetus to the development of commodity production and circulation. In addition, this will also prevent us from smoothly improving the people's livelihood. Thus, the 3d Plenary Session of the 12th CPC Central Committee decided to reform the price system in force in our country.

In recent years, we have carried out some price reforms. First, in the rural areas, we have raised the purchase price of grain, cotton, and edible oil by a big margin; second, we have gradually exempted the prices of some non-staple foodstuffs and some small commodities from control and they are now bought and sold at negotiated prices; third, we have raised the prices of some industrial products and reduced the prices of some others; and fourth, we have readjusted charges for the major services. The results of these changes are quite good in general.

Generally speaking, the prices of consumer goods have risen somewhat. However, these changes are inevitable if we are to promote production and to revitalize circulation. What needs an explanation is that since the state exercised planned control over the prices of the major daily industrial goods and continues to subsidize the city and town inhabitants by keeping the prices of grain, edible oil, and the major non-staple foodstuffs stable, there has been no violent fluctuation in price levels. Last year, prices did go up a little. However, the living standards of the urban and rural populations rose, their income increased significantly, and, in spite of the big increase in the total volume of the retail sales of social commodities, their savings also increased. This shows that the masses' living standard really improved.

This year, according to the arrangements made by the State Council, it is necessary to take a major step in reforming the price system. A reasonable price system is crucial to regulating various economic relations and to bringing about a benign cycle in the national economy. On one hand, we must realize the urgency and importance of this reform and carry it out unswervingly. On the other hand, we must be aware that this is a formidable and knotty task that must be performed with great care. We must take the opportunity offered by the excellent political and economic situations to resolutely carry out the reform. However, we must also take the financial capacity of the state's finance departments, the enterprises' predisposition, and the masses' readiness for the reform into consideration and look around before we take the next step. Price reforms must be carried out in accordance with the unified arrangements made by the state. The enterprises concerned must strive to tap their own latent power, cut costs, and reduce their expenditure. They should never make consumers the scapegoats. We will conscientiously strengthen the inspection of those production and commercial units which arbitrarily or covertly raise prices and we will sternly handle them on discovery of such erroneous practices.

The current reform of the price system is a structural readjustment of prices. We will adhere to the principle of raising some prices and lowering others. In this way, the price ratios between various commodities can become reasonable, guide production, and regulate consumption. We do not favor inflation or raising the prices of all commodities. By reasonably readjusting the prices, we can make production develop rapidly and further revitalize circulation. As President Li Xiannian said in his message at a New Year gathering: "By relying on the correct leadership of the CPC Central Committee and the State Council and the collective wisdom and strength of the people in their hundreds of millions, we will certainly be able to successfully solve the new problems arising from the reforms and consolidate and develop the excellent situation. As production develops and economic results improve, the workers' salaries will gradually increase. We must not lower the actual living standard of the urban and rural populations simply because we need to readjust certain prices." The municipality's governments at all levels must resolutely strive to achieve this. We should do a good job of propaganda work, properly explain the price readjustment to the people, free the masses from worries about the reform of the price system and from anxieties, and prevent people from becoming over-sensitive. In addition, we should also adopt effective measures to prevent people from rushing to purchase goods. When necessary, we should ration out daily necessities in order to prevent lawless people and speculators from driving up prices.

### /3. Concerning the reform of the planning and circulation systems/

Planning and circulation are two important links in the development of the national economy. Although in recent years we have made some progress in reforming the planning and circulation systems, they still fall short of the demands imposed by the development of the situation. This year, in order to further revitalize the economy, it is necessary to further reform the planning and circulation systems currently in force.



The main objective of the reform of the planning system, which is to be carried out within this year, is to continue to appropriately and gradually make the mandatory plans control fewer things, to appropriately make the guidance plans and the market regulate more things, to pay close attention to the role played by various economic levers and the market, and, by economic means and the necessary administrative and legislative means, to implement the plans. Thus, in this year, it is necessary to pay close attention to the following tasks:

1. Comprehensively reform the system of plans and quotas. According to Document No. 1 issued by the CPC Central Committee and the State Council this year, in the future, in agricultural production, it is necessary to make market regulation more extensive and units are not allowed to assign mandatory plans to the peasants. The government and various economic departments concerned will issue some annual and long-term and medium-term guidance plans to the peasants and provide them with information in order to guide them to make arrangements for production in the light of demand. In industrial production, the number of products quotas contained in the mandatory plans will decrease to 26 and they will account for 18 percent of the municipality's gross industrial output value. They accounted for 55 percent of the municipality's gross industrial output value last year. In the mandatory plans, the number of quotas for those commodities controlled by the commodity circulation plans will be reduced to 33. In the past, the municipality assigned more than 200 targets each year to evaluate the economic results. In the future, with the exception of a few general targets and those targets concerning some key enterprises' consumption of energy and water and the amounts of water and energy consumed in the production of some major products, the municipality will not assign targets. Industries and enterprises will have to set their own targets and assess their own performances. In this way, the enterprises can operate independently within even wider limits.

2. Gradually improve the planned management of investment in fixed assets. Starting from this year, investment in fixed assets will be arranged with bank loans rather than with funds allocated from the state's budget or by the municipality's finance departments and it will be controlled by mandatory plans. This is a breakthrough in the system under which the administrative departments unilaterally distribute funds. The degree to which the capital construction projects built by various localities or departments with their own funds or foreign capital are controlled by plans can vary within certain limits. It is necessary to appropriately decentralize the power to approve those technical transformation projects undertaken by various units with their own funds. However, the municipality still has to control the overall scope of capital construction.

3. Reform the traditional planned allotment of goods and materials. Starting from this year, with the exception of those goods and materials which should be distributed in full to various units according to the quotas specifically fixed by the state, the prices of those goods and materials subject to the municipality's unified distribution will be fixed exclusively by the municipality authorities. In addition, the municipality will also make up deficiencies and exchange goods with the help of those production means wholesale markets and trade centers.

4. Vigorously regulate things by economic means. In order to gradually give play to the role of various economic levers in regulating the national economy, it is necessary to further rely on the municipal planning committee, to organize the banks and the departments responsible for pricing, financial work, taxation, and labor to comprehensively apply such means as prices, taxes, credit and loans, wage, and financial subsidies, to gradually establish an economic information-and-feedback system, and to provide macroeconomic forecasts in order to make the national economy develop in a coordinated manner.

The focus of this year's reform of the circulation system is on the reform of the wholesale system and the system governing the purchasing and selling of agricultural and sideline products. According to the State Council's stipulations, in the purchasing and marketing of agricultural and sideline products, it is necessary to put an end to the system of state monopoly for purchase and marketing, which has been in force for a long time, and, according to different circumstances, purchase these products on a contract basis or from the markets. Starting from this year, except for a few products, the state will not assign to the peasants tasks of purchasing and marketing products. This has been the second major reform since the application of the system of contracted responsibilities with payment linked to output in the rural areas. According to the State Council's instructions, the commercial departments should resolutely turn the circulation system characterized by state monopoly for purchase and marketing according to mandatory plans into a multichannel, open system with few links, which, under the guidance of overall plans, gives full play to the role of market regulation. In addition to strictly implementing the purchase contracts, the grain departments should enthusiastically help the peasants surmount their "difficulties in selling grain" and encourage grain production. This year, it is necessary to build grain and edible oil markets in county seats and the major market towns. The units originally responsible for the purchase of grain should become business units and take an active part in buying and selling grain through negotiation. In addition, they should also devote vigorous efforts to helping the peasants transform and process grain. Within this year, it is necessary to build 10 vegetable wholesale markets and 50 agricultural trade markets in the municipality as soon as possible in order to help the peasants from the rural areas and other parts of the country directly sell their agricultural and sideline products to the urban areas. The state-owned commercial units should continue to play a dominant role in circulation, devote vigorous efforts to guiding and regulating purchasing and marketing, find enough sources of goods, regulate prices, and stabilize the market.

It is necessary to make the reform of the system governing the wholesale marketing of industrial products a further success and to build more trade centers and open wholesale markets as quickly as possible. It is necessary to revitalize wholesale business, to increase the number of channels, to decrease the number of links, and to make our service flexible in order to adapt ourselves to the development of agricultural and industrial production and retail business. However, the wholesale marketing of important means of production and those much sought-after consumer goods should still be in the hands of state-owned commercial units, goods and materials departments, and production units. Collective and individual commercial units are not allowed to take part in this business.

The reform of retail business requires the implementation of the principle of "three manys and one few [san duo yi shao -- 0005 1122 0001 1421]" [plenty of three things and a scarcity of one thing] and the execution of various types of industrial-commercial, agricultural-commercial, and commercial-commercial joint operations. It is necessary to continue to adhere to the principle of the simultaneous contribution of efforts by state-owned, collective, and individual units, to vigorously develop tertiary industries, which directly serve the people, and, in particular, to develop the collective and individual commercial units and various services. All units and localities should contribute to the development of tertiary industry. People with extra houses but incapable of starting their business in tertiary industry should let others use their houses to start their businesses on a lease basis or in exchange for other things.

The district government can take over these houses for use or ask people to submit tenders for starting business in tertiary industry. People who neither start a business nor let others use their extra houses to start a business will be required to pay a charge for use and occupation of commercial land.

#### 14. Concerning the reform of government organs and departments responsible for economic management

As a result of the in-depth development of the reform of the economic structure, the structural reform of the government's leading organs and the departments responsible for economic management has become a must. The superstructure must be adapted to the economic basis. Now it has become increasingly clear that as far as their leadership systems and their administrative structure are concerned, the government's leading organs and the departments responsible for economic management have many weaknesses: there are too many departments, too many barriers between them, and too many levels of organs responsible for economic management and power is over-centralized. All this has obstructed the further revitalization of the enterprises. Thus, the leading organs are required to shift their work on to the track of serving the people and the grassroots.

The principle guiding the structural reform is: We should, with the CPC Central Committee's two decisions on party rectification and the reform of the economic structure as our guidance, in accordance with the principle of serving the people and the principle of streamlining, centralization, and efficiency, and according to the functions of government organs in managing the economy, separate government from enterprise functions, decentralize power, streamline the organs, reduce the number of staff members, improve styles, and gradually establish a new, scientific work system in order to enable the leading organs at all levels to serve the enterprises and the grassroots better.

The structural reform should be carried out in a guided and planned manner. The reform of the departments responsible for economic management and the decentralization of power in the municipality, the districts, and the counties should precede the reform of the municipal government. This year, in the course of the structural reform, attention should be focused on the following issues:

1. We must genuinely delegate decisionmaking power to the grassroots levels and enterprises. Those who have failed to do so must be resolute in delegating power to the lower levels. The practices of arrogating and usurping the decisionmaking power must be straightened out. Leading organs should be resolute in simplifying administration so as to ensure that the decisionmaking power is delegated. Economic management organs should also simplify their administrative structure. All overlapping departments and organizations must be simplified or merged.

2. We must do a good job in readjusting the functional organs of all the committees, departments, and bureaus under the municipal government and in fixing the authorized size of the organs. We must ensure that the responsibilities of all the committees, departments, and bureaus are clear and that the organs are efficient.

3. We must conduct the pilot projects well by dissecting the typical examples, first solving the easy problems and then tackling the difficult ones, exploring experience in practice, and gradually seeking unity of thinking. According to plans municipal CPC committee plans, the structural reform of the economic management departments will be carried out in five units on a trial basis. The separation of municipal administration from district (county) management and the strengthening of the political power of districts (counties) will be tried out first in a district and a county. In line with their circumstances, all departments, districts, and counties should also select experimental units for undergoing structural reform. The experience of the pilot projects should be summed up in the first half of this year and then perfected and gradually popularized to other areas.

The purpose of all reforms carried out this year is to further invigorate the enterprises so that all enterprises, the large and medium sized state-owned enterprises in particular, can give full play to their advantages and make greater contributions to the development of production and to the prosperity of urban and rural economy. We must, through reform, further arouse the enthusiasm and creativity of the laborers and do well the work in all fields. Industrial enterprises should strive to increase production and attain better economic results. We must vigorously develop light and textile industries which are suitable for Beijing, continue to give "six priorities" to these trades, and try out utmost to improve quality and increase output and varieties so as to ensure abundant supplies in the urban and rural markets. It is necessary to adopt concrete and effective measures to speed up the building of the mountainous areas. We must give earnest support particularly to the mountainous areas which have serious difficulties. At the same time we must conscientiously implement policies, carry out the debate on taking the road to prosperity among the masses, tap new sources of production, put an end to the backwardness of the mountainous areas, and reduce the distinction between the mountainous and plain areas. In education work, we must suit the needs of reform, strive to run well the district and county university branches and colleges for nonresident students, further readjust the structure of secondary education, vigorously develop vocational senior secondary schools and technical secondary schools, particularly normal schools, and shift the focus of adult education from ordinary to technical secondary education. Meanwhile, it is necessary to adopt practical measures to increase the

number of nurseries and kindergartens, strive to improve the teaching conditions of primary and secondary schools and kindergartens, and improve the living standards of teachers. We must reform the personnel management system as quickly as possible and work out practical policies and methods that encourage the rational mobility of talented people. We must combine the capabilities of the state, society, all sectors, and the collectives to exploit intellectual resources through various channels and levels and to create a new situation of utilizing talented people in the course of economic reform. Moreover, we must also score new achievements in science and technology, public health, culture, sports, the press, publication, and other undertakings. In short, we must promote production and the development of various undertakings through reform, fulfill Beijing's 1985 economic and social development plan in an all-round way, make preparations for the implementation of the Seventh 5-Year Plan, lay the foundation for triumphantly accomplishing the overall task of economic reform, and push Beijing's material and spiritual civilization building to a new stage.

#### Strengthen Leadership Over Reform Work

Comrade Deng Xiaoping recently pointed out: "In building a socialist society with Chinese characteristics, it is imperative to improve both the material and cultural development, uphold the 'five stresses, four beauties, and three loves,' and encourage the people of the entire nation to foster high ideals, moral integrity, education, and a sense of discipline. Of course, high aspirations and discipline are the most important." This is the fundamental guiding ideology for strengthening leadership over reform work. The ongoing reform is a great process of building a modern socialist country which will be followed by the realization of the lofty ideal of communism. Only with lofty ideals can we adhere to the correct orientation of reform and bear in mind the fundamental purpose of wholeheartedly serving the people. Discipline is the guarantee for carrying out reforms. Only by stressing discipline and faithfully upholding and implementing the policies of the party and state can we unite and organize the people, remove all obstacles, and push reform forward. In accordance with this requirement, governments at all levels should strengthen leadership over reform.

/Work out plans and give guidance with great care and be sure to win from the beginning./

In 1985, we must resolutely implement the "Decision of the CPC Central Committee on Reform of the Economic Structure" and the principles, policies, and measures of the State Council on reform. Meanwhile, we must also be aware that many aspects of the reform of the economic structure focused on urban economy are still at the initial stage and we still lack experience and knowledge. It is therefore necessary to be sober-minded, to give guidance meticulously, and to be careful from the first battle. In accordance with the requirements of the CPC Central Committee, it is essential to appropriately work out plans for all kinds of reforms and to make careful studies and comparison. Leading cadres at all levels should conduct investigations and studies at the grass-roots and promptly solve the problems emerging in reforms. In guiding work, it is necessary to set examples and to extend the experience gained from points



to areas. We must not try to rush headlong into mass action or impose uniformity on everything. We must adhere to the style of working in a solid and down-to-earth manner and oppose formalism so that the reform can advance steadily and we can be sure of winning.

/2. Conduct ideological and political work well and adopt an overall point of view./

In connection with the practice of reform, we must extensively publicize the theories and policies concerning reform. With the "Decision" adopted by the 3d Plenary Session of the 12th CPC Central Committee as our weapons, we must seek unity of thinking, realize the target, significance, and prospects of reform, and deepen our understanding of scientific socialism. We must help the cadres and masses correctly handle the relations between the part and whole and between the interests of the state and those of the collective and individuals. Every department, unit, and cadre should carry out activities closely around the overall tasks of the state. Partial and individual interests should be subordinate to and not harm the interests of the whole. Governments at all levels and all departments and units should adopt an overall point of view and oppose departmentalism. We must uphold the principle of improving the people's living standard on the basis of developing production. We must carry forward the spirit of building the country and running all undertakings industriously and thriftily and put an end to the practices of sharing out and consuming everything. We must enable all reforms to promote social stability, develop production, improve the people's living standard, and enhance the material and financial strength of the state.

/3. Enforce discipline and resolutely fight against new unhealthy tendencies./

In order to guarantee the smooth progress of reform, it is necessary to enforce discipline. Our cadres at all levels, leading cadres in particular, should set an example in abiding by law and discipline and strictly enforcing orders and prohibitions. Enterprises can fully exercise their decisionmaking power within the limits of authority prescribed by the state. But they must strictly follow and implement the stipulations of the CPC Central Committee and State Council. We must watch for a handful of elements who may take advantage of the reform to interfere in, undermine, and discredit reform. The municipal government reaffirms once again: Hereafter, government officials and cadres must not be allowed to exploit their power to engage in business or run enterprises; to fraudulently purchase goods in short supply and resell them at a profit; to violate policies, indiscriminately force prices up, and create confusion; to excessively issue bonuses and goods under all sorts of pretexts; to wilfully increase wages, and to use public funds to entertain guest and send gifts. The taking up of posts of directors, managers, and advisors in various companies and centers by government officials is invalid. Those who force prices up, resell their goods at a profit, and disrupt the market should be sternly punished. Those who have made mistakes should be punished according to the seriousness of their cases legally, administratively, or economically. Those who have refused to enforce orders and prohibitions must be seriously handled and the leading cadres concerned should bear the responsibility.

It is necessary to further reorganize the newly established industrial and commercial "companies" and "centers." We must continue to support the legally run enterprises which can promote the development of production and make things convenient for the masses. The enterprises which try to take advantage of the reform to hike prices and reap exorbitant profits by reselling goods must be banned. The profits illegally earned must be confiscated, the tax payment evaded must be repaid, and fines will be imposed on them.

/4. Strengthen the building of legal system and economic supervision./

In order to ensure the smooth progress of reform and work in all fields, it is necessary to vigorously strengthen the building of the legal system. Governments at all levels and the departments concerned should learn as quickly as possible to apply legal means to manage the economy. The focus of this year's work is to draft local laws and regulations for economic reform and urban construction and administration. The work in this field must be done quickly so that we can depend on laws to promote reform and ensure construction. Meanwhile, it is necessary to vigorously strengthen the legal work organs of various government departments, enhance the building of legal ranks, and depend on mass supervision and support so that the current laws, rules, and regulations can be strictly enforced.

It is necessary to further strengthen the various economic supervisory organs. The economic supervisory organs should improve their work methods, closely follow the laws, regulations, and state policies, and strengthen economic supervision. We must strengthen management over foreign exchange and credit, particularly over taxation, price control, and the market. The illegal practices of forcing prices up, stirring up panic purchases, buying and reselling foreign exchange, and evading taxes must be severely punished. Governments at all levels and all departments should firmly safeguard the economic laws, regulations, and discipline and resolutely fight against the practices that violate the law and financial discipline.

We must continue to sternly attack serious criminal and economic offenses, take measures to consolidate and improve social order, and create fine social and political conditions for the overall reform.

/5. Develop democracy and pool the wisdom and efforts of the masses to conduct reform well./

As the reform of the economic structure is a great mass exploration and pioneering cause, we must develop democracy, unite the broad masses, and make joint efforts in the struggle. Governments at various levels and all departments should actively support the cadres and masses who dare to forge ahead in reform. We must attentively listen to the views and suggestions of the masses on reform and call on the masses to make proposals and criticisms and report their views to the government through the press, radio, television, letters, or other forms. We must give prompt answers to their questions and demands and never try to perform our duty in a perfunctory manner.

Over the past few years, the trade unions, CYL, women's federation, science association, federation of literature and art, Overseas Chinese associations, and other mass organizations have played an important role in strengthening the relations between the government and people. We sincerely hope that these mass organizations will continue to assist the government and mobilize the masses to do a good job of reform.

/6. Do a good job of reform and develop production./

Developing production, increasing income and retrenching expenditure, and speeding up the withdrawal of currency from circulation are the essential conditions for doing reform well and also the criterion for testing reform. Therefore, while grasping reform, it is also necessary to strengthen leadership over industrial and agricultural production. We must continue to keep up the upward trend of production and economic results attained in January and February this year. While doing a good job of various reforms, we must strive to vigorously develop production and attain better economic results.

The current situation is excellent and we have many favorable conditions for carrying out the reform of the economic structure. Under the leadership of the CPC Central Committee and State Council, we have won support from the organs directly under the central authorities, PLA troops stationed in Beijing, mass organizations, and democratic parties. The neighborhood provinces and municipalities have shown concern over, and enthusiastically supported Beijing's modernization program and economic reform. We believe that so long as we earnestly implement the "Decision" adopted by the 3d Plenary Session of the 12th CPC Central Committee and the instructions and plans of the State Council to reform and depend on the concerted efforts of the people of the whole municipality, Beijing's economic reform will definitely advance on a healthy path and a new and better situation will certainly emerge in the building of the capital's socialist modernization.

CSO: 4006/552

PROVINCIAL AFFAIRS

BEIJING MUNICIPALITY RELEASES 1985 ECONOMIC PLAN

HK120901 Beijing BEIJING RIBAO in Chinese 22 Mar 85 p 2

["Excerpts' from the Draft Report on Beijing Municipality's 1985 Plan for the National Economy and Social Development Delivered by Wang Jun, Director of the Beijing Municipal Planning Commission, on 11 March 1985 at the Fourth Session of the Eighth Beijing Municipal People's Congress"--passages within slantlines published in boldface]

[Text] Decision of the Fourth Session of the Eighth Beijing Municipal People's Congress on the National Economic and Social Development Plan for 1985, the Implementation of the Budget for 1984 and on the Budget for 1985 (Adopted on 18 March 1985)

Through deliberation and in accordance with the national economic and social development plan and the examination and approval report by the Budget and Final Accounts Examination Commission, the Fourth Plenary Session of the Eighth Beijing Municipal People's Congress adopted the national economic and social development plan for 1985 and the budget for 1985 submitted by the Beijing Municipal Government, the "Draft Report on the National Economic and Social Development Plan for 1985" delivered by Wang Jun, director of the Beijing Municipal Planning Commission, and the "Report on the Implementation of the Budget for 1984 and the draft Report on the Budget for 1985" worked out by Chang Zichao, director of the Beijing Municipal Finance Bureau. As for the final accounts for 1984, after being formally completed and examined and approved by the standing committee of the Beijing Municipal People's Congress, they are to be reported to the next session of the people's congress.

Implementation of the Plan for 1984

The year 1984 was a year when Beijing Municipality witnessed the best situation ever in its national economic and social development in the last few years. In the past year, the people throughout the municipality further implemented the four instructions of the Central Secretariat on the construction plan for the capital and the written reply by the CPC Central Committee and the State Council on the "General Plan for the Urban Construction of Beijing Municipality" and conscientiously carried out the policy of invigorating the domestic economy and opening to the outside world, thus making a new important step in the course of the socialist modernization program. The outlook of the municipality

experienced a fairly big change, the national economy continued to grow in a steady and harmonious way, social undertakings vigorously developed, the people's living standards remarkably improved, and great successes were made on all fronts of endeavor.

/1. Special attention was focused on the construction of infrastructural facilities and projects of all types were completed in the most satisfactory way seen for many years./

In 1984, the construction of infrastructure in the water supply, electricity, gas, transportation, and communications sectors was speeded up in general. An amount of 580 million yuan was invested in the municipality's infrastructural projects throughout the year, up 52.1 percent over 1983. This provided a solid foundation for the municipality to speed up its construction in the days to come.

In water supply, through vigorously tapping the potential for equipment, the municipality increased its daily water supply capacity for the city proper to 1.37 million tons, an increase of 5.4 percent over the previous year. The construction of water supply projects, such as the Tianchunshan Waterworks was speeded up. In electricity supply, the Datong-Fangshan 500,000-volt transmission and transformer project was completed and already in operation. Two 220,000-volt transformer substations and two 110,000-volt transformer substations were set up. The basic construction projects for three 110,000-volt transformer substations were completed. In gas supply, the completion as scheduled of the first-phase construction project providing the city proper with gas from the Beijing Iron and Steel complex enabled an additional 51,000 resident households or more to use gas, thus hitting an all-time high. The number of households using gas or liquefied petroleum gas (LPG) amounted to 960,000 and the rate of resident households using gas or LPG was 72.3 percent. Vigorously supported by the Ministry of Petroleum Industry, it took no longer than 7 months to lay the pipeline for delivering the natural gas produced by the Huabei (North China) Oilfield to the Coking plant in Beijing. In the communications sector, 15 telephone substations were set up or extended, with an additional 23,000 telephone sets. Eight post and telecommunications offices and 12 suboffices were set up or extended. In road transportation, the length of roads newly built or extended totaled 73 kilometers, with a road surface area of 1.24 million square meters. It took only some 9 months to complete the Sanyuan flyover--the largest one in the municipality--which was completed 15 months ahead of schedule. The Majiabao, Xizhimen, and Deshengmen flyovers were already completed and open to traffic. The express bus routes in the Changping and Xueyuan Roads and the Sanhuan Road lying in the northeastern part of the municipality were completed ahead of time or as scheduled. The second-phase project of the Beijing Underground Railway had been opened to traffic on the eve of the National Day. The newly opened or readjusted bus routes totaled 25.

/2. Remarkable achievements were made in environmental building and in urban greening, beautification, and purification work./

The number of trees planted in Beijing and its environs in 1984 amounted to 2.08 million, up 9.5 percent over 1983 and the area of newly laid lawns



totaled 1.25 million square meters, up 69 percent. The area of land planted with trees or grown with grass or flowers on main street corners and around industrial and mining enterprises, organizations and institutes, and newly built residential quarters amounted to 236 hectares. Last year, special efforts were made in the greening beautification work of "one line [xian 4848], two rivers, ten gardens, and fifteen main streets. Consequently, flowers kept blossoming all year round except winter and trees kept evergreen throughout the year. In the outer suburbs, more than 480,000 mu of land was afforested under various forms of the contract responsibility system.

Environmental protection work made fresh headway in 1984. The 12 tasks stipulated in the plan were already fulfilled. Channels of water in the upper reaches of the Beihucheng He and the Liangma He were put under overall control; a waste-water-intercepting pipe was laid in the Wanquan He; most of the sources of pollution along the banks of the Chang He were already brought under control; some 100 electroplating plants were removed; the problem of the "tree wastes" and noise of the 52 factories or workshops in the city proper which disturbed the people has already been solved; and the municipality's capacity to treat industrial waste water increased by 43 percent. In the municipality there were 44 joint heat-supply centers covering an area of 800,000 square meters. All boilers in the municipality's four districts were already equipped with some prevention and dust control devices. Black smoke free zones in Xiangshan, Erlonglu, and Sanlihe were gradually set up. To reduce traffic noise pollution, the use of horns was prohibited within the Erhuan Road, and the 6,000 old Dongfeng Motorcycles running along the Shanhuan Road were all replaced.

/3. Educational, cultural, public health, and sports undertakings made marked headway./

Fresh successes were made in training qualified personnel in 1984. Institutions of higher education enrolled some 30,000 students, 3,800 more than in the previous year. The Dongcheng, Xicheng, and Haiding districts and counties in the outer suburbs ran 12 university-related branch schools and universities attended by self-paying, nonresident students. The structure of secondary education was further readjusted. Secondary professional or technical schools had an enrollment of 34,000 students, 7,700 more than in 1983. The ratio of graduates from junior middle schools admitted to ordinary senior middle schools and those to special secondary schools or professional senior middle schools or technical schools was readjusted from 2.45 to 1 in 1983 to 1.86 to 1. The number of graduates from secondary professional schools last year totaled 3,900 students or more. Hence, these schools trained and turned out badly needed qualified personnel for the development of the tertiary industry. Adult education made fresh headway and there were 70,000 students in staff and workers, television, evening, and correspondence universities. The number of students who studied independently and took the examination equivalent to the one given to students in institutions of higher education totaled 130,000 and more than 900 of those passed the examination. Schools run by various forces in society increased in number. The number of schools run by the local people amounted to 210, with a total enrollment of some 80,000 people. The quality of secondary and primary education improved.

The number of newly-run kindergartens or nurseries in 1984 was 266 and there were 360,000 pupils in the nurseries throughout the municipality.

Mass cultural work in both urban and rural areas was further strengthened and the cultural organizations at the district or county, township (neighborhood), and village levels was also further improved. To solve the problem of how to enable 160,000 villagers in mountain areas to watch television and 240,000 villagers to watch television clearly, 60 television relay stations were set up throughout the municipality. The coverage rate of television watchers was more than 98 percent. Specialized literature and art organizations made desired achievements in the creation and performance of plays or operas. Nine theatrical items won prizes while being performed at home and abroad and three actors or actresses won the first national Plum Blossom Awards.

The Cultural Relics Administration Department announced the third group of cultural relic sites to be preserved at the city level, totaling 110 and the protection limits and the belt of actual control for the construction of 60 cultural relic units under protection were already designed. Thirteen ancient buildings, such as the Zangjing (scripture-depositing) Tower at the Dazhong (big bell) Temple and the Wen Tianxiang Memorial Temple were rebuilt or revamped and the first-phase renovation project of Liulichang's Wenhua (culture) Street was basically completed. New advances were also made in the work of the museum sector.

Mass sports activities were carried out in an extensive way. The municipality's athletes got fairly good results in tournaments both at home and abroad. In 1984, they got 396 medals or decorations of various descriptions, of which 76 were won in international tournaments.

Apart from further strengthening the reform of medical institutions and the methods of management for public health services, efforts were also made to improve the four-tier urban medical and epidemic-prevention networks. The beds offered by hospitals at various levels under the home-based care scheme numbered 12,000 and 495 doctors opened private practices.

Relatively great successes were achieved in family planning work. The birthrate of the population of the municipality dropped to 14.05 per thousand and its population growth was put under further control. At the end of 1984, the number of permanent population amounted to 9,542,000.

The year 1984 was one in which the capital construction in the cultural, educational, and public health sectors was carried out in the most satisfactory way, with the largest number of projects completed. The amount of investment made in capital construction last year totaled 160 million yuan, up 75.4 percent from 1983. The number of libraries and cultural centers built or extended recently by the district or county authorities amounted to 20 and that of additional hospital beds, 2,900 or more, the biggest increase seen in the last few years.

/4. Quickened the tempo of scientific research, popularization of new technologies, and absorption of technology to promote technological progress./

The number of research results achieved in 1984 came to 800 items or more and a group of research results in science and technology were already applied in agricultural and industrial production. In agricultural production, the use of improved varieties of wheat was spread; seed multiplication bases for dried or fresh fruit were set up; and a number of breed multiplication farms for lean-meat porkers were also operated. In industrial production, main efforts were made to popularize the use of computers.

Industrial enterprises in the municipality accelerated the import of new foreign technology. In 1984, they signed contracts on importing 336 pieces of foreign technology and equipment and concentrated mainly on technically transforming the food, light and textile, electronics, and instrument and meter industries.

/5. Vigorous efforts were made to develop industries suited to the capital's characteristics and the growth rate of production was the highest one seen over the last few years./

The municipality's total industrial output value reached 28.17 billion yuan, an increase of 12.4 percent over 1983. Light and heavy industries developed in a relatively harmonious way. The output of 73 out of 100 major manufactured goods increased in varying degrees compared with 1983. Product quality improved remarkably and top-quality products increased in output.

Industrial enterprises speeded up the pace of technical transformation. In 1984, local industrial departments invested 740 million yuan in the renovation and transformation of enterprises, 25 percent more than the 1983 figure.

Economic results were raised considerably. The output value of the locally-budgeted industrial enterprises under the system of ownership by the whole people increased by 9.7 percent and the profits they created went up by 11.9 percent. Hence, a simultaneous increase was achieved in output value and realized profits. The overall amount of energy consumed by various general industrial companies to produce an output value worth 10,000 yuan dropped by 7.8 percent to an all-time low. Productivity of industrial enterprises under the system of ownership by the whole people was 8.8 percent higher than in the previous year.

The volume of passengers carried by all public means of transport in the city proper was 3.24 billion passenger-journeys [ren ci 0086 2945]. The railroad, road, and civil aviation sectors overfulfilled their plans. Posts and telecommunications transactions came to 180 million yuan, an increase of 16.2 percent over the previous year. Fresh achievements were also made in geological prospecting work.

/6. Energetic efforts were made to develop diversified undertakings and commodity production and the rural economy in suburban districts further expanded./

In 1984, the production of farm produce and sideline products in suburban districts increased by a big margin. The output of grain came to 4.35 billion jin, an all-time high. Milk output amounted to 250 million jin, up 19 percent over 1983 and the purchase volume of fresh eggs reached 167 million jin, up 28.9 percent. Eggs were thus basically available without restrictions. Freshwater fish farming developed very rapidly. The fish catch topped 20 million jin, an increase of more than 83 percent over the previous year. There was an ample supply of vegetables, in increased varieties. The average daily sales amount of vegetables came to 7 million jin, surpassing the best record in history. Township enterprises developed rapidly. By the end of last year, the number of township enterprises totaled some 16,500, over 7,600 more than in the previous year. Their total income increased by 26 percent over 1983 to 3.2 billion yuan. Energy construction in the rural areas made fresh headway. In 1984, the total agricultural output value of such districts or counties as Fengtai, Shijingshan, Changping, Shunyi, Tongxian, and Fangshan rose by more than 100 percent over 1983. The total industrial and agricultural output value of the various suburban counties and districts came to 6.29 billion yuan, up 89 percent from the previous year.

/7. The progress of state key development projects was ensured and marked achievements were made in capital construction./

Total investment completed in fixed assets of the municipality amounted to 5.22 billion yuan, up 35.6 percent over the previous year, of which the total investment in capital construction was 3.61 billion yuan, up 33.2 percent, also a record high. The floor space of housing completed in cities and towns totaled 8.187 million square meters, a 5.6 percent increase over the previous year and that of residential units amounted to 4.2 million square meters, which was shared by the local and central authorities on a fifty-fifty basis. The average per-capita housing space of city residents reached 6 square meters.

In capital construction, the construction of 20 key state development projects was ensured and program schedules were fulfilled in an overall manner. The projects such as the international telecommunications bureau, the Dongdan telephone office, the Beijing library, and the central color television center buildings were completed smoothly as scheduled. The Sino-Japanese Friendship Hospital was completed and available for use. The acrylic ester workshop of the Dongfang chemical plant succeeded in trial operation.

The construction of hotels made additional progress. The hotels and guest houses of the municipality had 266,000 beds, 58,000 more than the previous year.

Some 6,000 construction projects were undertaken under the system of investment responsibility. Most construction units began to practice the economic responsibility system with the contracting method by which contracts were signed to fix the amount of wages for every 100 yuan's worth of finished work as the main form and better economic results were thus widely attained.

Per-capita productivity of construction enterprises under the system of ownership by the whole people reached 8,200 yuan or more, up 27.3 percent from 1983.

/8. Circulation was further smoothed out and business in the capital's markets became brisker and more lively./

The year 1984 witnessed the briskest business in the capital's markets. There was a continued improvement in the people's living standards. Total retail sales volume of social commodities amounted to 10.17 billion yuan, an increase of 21.6 percent over 1983, the biggest increase since 1957. Sales of food, clothing, and daily necessities showed overall increases, in particular, sales volume of commodities for daily use increased drastically, ranking first in the sales of other consumer goods. Sales of high-grade commodities such as refrigerators registered a big increase. Compared with 1983, the sales volume of television sets rose by 61.3 percent; that of cassette recorders, 41.1 percent; that of washing machines, 83.4 percent; and that of refrigerators, 170 percent.

The number of stores handling commercial services increased considerably. The municipality had an additional 4,500 stores or more in 1984. Cooperative enterprises combining agriculture and commerce, industry and commerce, or agriculture, industry, and commerce made great headway. Meanwhile, efforts were stepped up to form cooperative enterprises with other fraternal provinces and cities and to import typical local food and advanced technology from all parts of the country. There were 152 cooperative enterprises in the municipality's four districts alone.

Very big advances were made in the tourism industry. The number of overseas tourists received by the municipality in 1984 totaled 657,000 individuals, 29.1 percent higher than in the previous year.

The export volume in foreign trade last year amounted to \$630 million. The volume of losses dropped remarkably thanks to the increased selling prices of exports.

With expanded production and circulation, the problem of giving youths jobs was basically resolved. As far as the middle school graduates before 1983 were concerned, except for a few persons who studied at home independently and were prepared to take up the entrance examination for institutions of higher education or who were unwilling to take up a job, the number of those who had not been given jobs was reduced to only some 1,000. There was a continued improvement in the people's living standards. Savings deposits of the urban and rural population continued to increase. The balance of savings deposits at the end of 1983 reached up to 3.87 billion yuan, 890 million yuan more than at the beginning of the year.

In 1984, thanks to the efforts exerted by the people throughout the municipality, the main targets of the national economic and social development for 1985 stipulated by the Beijing municipal 5-year plan which was approved by the first plenary session of the Eighth Beijing Municipal People's Congress were fulfilled ahead of schedule.



In the past year, although progress was made in many fields of endeavor, work in many sectors still left much to be desired due to an excessive number of problems left unsolved for quite some time and a limited amount of disposable financial and material resources, coupled with shortcomings and faults in work. The main problems were that there was a serious shortage in energy supply; the scope of capital construction remained a little overstretched; the completion rate of housing dropped to some extent; the supply of some major non-staple foodstuffs and high-grade consumer goods fell short of demand; traffic jams remained a headache; there was a strain on the housing supply for city residents; urban construction and management and the development of tertiary industry were far from meeting the needs of the modernization program of the capital; and consumption funds, in particular, salary payments increased excessively and were sometimes out of control. Attention should be paid to gradually solving these problems in the course of fulfilling the arrangements stipulated by the plan for 1985.

#### Arrangements of the Draft Plan for 1985

The year 1985 marks the fifth anniversary of the issuance by the Central Secretariat of the four directives for the construction of the capital and is also the last year of the sixth 5-year plan. Moreover, it is the first year for the restructuring of the entire national economy, focusing on the urban economy. In the new year, it is necessary to display the spirit of opening up to the outside world, daring to make explorations, and constantly opening new prospects in all fields of work, to conscientiously put into effect the decision of the 3d Plenary Session of the 12th CPC Central Committee on reform of the economic structure with one heart and one mind, to better carry out the four directives and ten written instructions issued by the CPC Central Committee, to implement the principle of invigorating the domestic economy and opening up to the outside world in a more flexible way, and to make overall arrangements for the building of two civilizations so as to achieve bigger advances and more significant breakthroughs in all undertakings.

The guiding ideology for Beijing Municipality's national economic and social development plans for 1985 is as follows:

1. Augmenting the construction of infrastructure in two fields, namely, urban infrastructural facilities and the training of qualified personnel.
2. Vigorously developing tertiary industry. It is necessary to use forces from all quarters concerned in society in speeding up the development of commerce and catering and tourism industries.
3. Strengthening the study and popularization and application of science and technology and the assimilation of imported technology and using new technology to transform old enterprises and to develop new industries.
4. Strengthening the building of spiritual civilization, further promoting democracy, perfecting the legal system, and learning to manage economic undertakings by legal means.

5. Working hard to expand industrial and agricultural production on the premise of attaining better economic results. Efforts should be made to make a success of the construction of a group of development projects with "staying power" so as to lay a solid foundation for the smooth implementation of the seventh 5-year plan and the continued economic growth in the coming decade.

Preliminary arrangements for the main targets of the plan for 1985 and as follows:

Total agricultural and industrial output value is expected to amount to 34 billion yuan, up 9 percent over 1984. The total value of industrial production is to be 30.2 billion yuan, up more than 8 percent and that of agricultural production, 3.8 billion yuan, up 12 percent.

National income is expected to reach 17 billion yuan and an increase of up to 9 percent over the previous year is expected.

Total investment in local capital construction is estimated at 2.62 billion yuan.

Total retail sales volume of commodities in society is expected to be 12 billion yuan, 18 percent higher than in the previous year.

In accordance with the above-mentioned guidelines and main target arrangements, efforts should be made to fulfill the following major tasks in 1985:

/1. Continuing to vigorously augment the construction of urban infrastructural facilities and pushing the urban construction and management of the capital to new heights./

It is necessary to concentrate forces on speeding up the construction of water supply, electricity, gas, heat supply, telecommunications, road transport, and other infrastructural facilities.

As far as water supply and sewage control are concerned, it is planned to complete the construction of the Tianchunshan waterworks, to basically complete the Chengzi waterworks, and to extend the Tongxian waterworks in 1985, increasing the daily water-supply capacity by about 200,000 tons. Meanwhile, the construction of the Shuiyuan No. 9 waterworks has been undertaken. To solve the problem of river course pollution in the northwestern suburbs, efforts should be made to complete the harnessing projects of the Xiaoyue he and the West Tucheng Ditch, to continue the construction of the arterial sewage pipeline in the western suburbs, and to start building the Baobeldian sewage treatment plant.

As for the power industry, apart from striving for delivery of more electricity from the Datong and Shentou power plants in Shanxi Province, it is necessary to speed up the revamping of the Shijingshan power plant. Meanwhile, the construction of power transmission and transformer projects should be accelerated significantly.

The first-phase project to deliver gas and natural gas to Beijing's city proper and its necessary accessory facilities should be completed so as to increase the gas-supply capacity in 1985 as planned. Meanwhile, efforts should be made to lay the pipeline with its necessary accessory facilities from the coking plant to Zhongguancun so as to meet the needs for gas of the districts in the northwestern suburbs, where institutions of higher education and scientific research units are concentrated. A coking furnace is to be erected in the coking plant. The number of households using gas through the pipeline is scheduled to reach 60,000 in 1985.

With regard to heat supply, the first-phase project of the Zuojiashuang heat-supply plant has been completed. The plan for raising funds to carry out the Jianfeng boiler project of the No. 2 thermal power plant has been approved and it will be undertaken as quickly as possible as planned.

It is planned to complete or partly complete the Dongdan, Huangchenggen, and Changdian telephone offices and to increase the installation capacity by 33,000 telephone exchanges.

In road transport, in 1985, priority will be given to solving the problem of people living in the southern part of the municipality "having difficulties in going into the downtown areas." Jingkai (the Sanhuan-Huangcun section) and Jingliang Roads are to be completed and Southeast Sanhuan Road is to be revamped in 1985. Meanwhile, efforts should be continued to complete and improve the main roads in the southern part of the municipality, and to complete in an overall way North Sanhuan Road, including two flyovers at Madian (outside Deshengmen) and Anzhen (outside Andingmen); the winding-up projects of Xueyuan Road, Xueyuan Road North, and Chegongzhuang Road; Wanquanhe Road; and the revamping of Yuquanshan Road. To solve the problem of traffic jams in the city proper, the plan requires us to continue building a group of overhead bridges for pedestrians and subways at major road junctions and to increase the number of buses or minibuses by 740 and that of taxis by 5,000.

/2. Vigorously strengthening the training of qualified personnel and technological development and accelerating the development of science, culture, and education./

In 1985, overall consideration will be given to studying the restructuring, extension, and tapping of potential for institutions of higher education. Education and the school management system will be reformed in accordance with the principle of gearing education to the needs of the four modernizations, the world, and the future. Continued efforts should be made to readjust the composition of higher education and the patterns of specialities and to increase the number of students in colleges for professional training. County-run university-related branch schools and universities attended by self-paying, nonresident students should be run well in real earnest. The structure of secondary education should be further readjusted, technical secondary education should be vigorously developed, and rural vocational education should be energetically expanded on the basis of running rural vocational senior middle schools well with major efforts. The focus of adult education should be shifted from the offering of remedial general knowledge

courses to technical secondary education and technical training. The projected number of students to be enrolled in 1985 in the institutions of higher education under the jurisdiction of the municipal government is 7,500; that of students in technical secondary schools, 12,500; that of students in vocational senior middle schools in the urban areas, 10,000; that of students in vocational senior middle schools in the rural areas, 4,000; and that of students in technical schools, 11,000. The ratio of graduates from junior middle schools admitted to ordinary senior middle schools and to polytechnic schools, vocational senior middle schools, or technical schools will be further readjusted as 1.34 to 1. Institutions of higher education for adults will enroll 27,000 students and secondary schools for adults, 149,000 students.

Further attention should be paid to the combination of science and technology with economic construction. It is necessary to vigorously organize forces to crack scientific and technological hard nuts and to spread the extensive use of science and technology in 1985. The projected 55 key scientific research projects which are of great significance to the capital's modernization program, mainly include computers, integrated circuits, optical fiber telecommunications, radiation technology, development of new energies, and other projects directly servicing the markets for farming, food, and light and textile industries.

In public health work, it is necessary to further strengthen medical and disease prevention work, to carry out the principle of the state, the collective, and the individual all being encouraged, and to encourage the collectives to run medical establishments and individual doctors to open private practices. Of the extension and continuation projects of the Tiantan, Longfu, Jishuitan, and 36 other hospitals, 19 will be completed and available for use in 1985 as planned. Potential for existing hospitals should be further opted so as to increase the number of hospital beds by about 2,000. It is necessary to persistently strengthen family planning work and the publicity work of the science of improving the mental and physical fitness of the population and quality child care and to strive to control the birth-rate of the population to within the range of 13 per thousand.

Cultural undertakings are expected to make great headway. Mass cultural activities should be further launched with various forms adopted. Priority should be given to the construction of cultural facilities at the district, county, or grassroots level and the completion of nine district and county-run cultural centers and libraries. Energetic efforts should be made to prepare for the construction of the Great Wall Museum, the Guzhang Museum, the Museum of Stone Inscriptions at the Wuta (five pagoda) Temple, the Museum of Literature and Art at the Wanshou Temple, the Fulou Museum of Time Pieces, and other museums.

It is necessary to energetically carry out mass sports activities so as to build up the people's health and improve the general health level of the people throughout the municipality, to actively hold multiform, multichannel, and multilayer physical training courses, to form a multilevel spare-time training system, to speed up the training of the new generation of athletes who are physically sound and promising, to further strengthen the training of outstanding sports teams, and strive to get excellent results in tournaments both at home and abroad.

/3. Significantly developing tertiary industry which gives priority to commerce and catering and service trades so as to make fairly big advances in solving "difficulties in several aspects" of the people's livelihood./

Construction of commercial service networks should be speeded up. The Hepingli, Qijiayuan, Muxidi, and Dongdaqiao Department Stores and ten or so medium-sized shopping centers, such as the No. 2 Friendship Store and the Xidan Overseas Chinese store are planned to be completed in 1985. The floor space of stores in small residential districts will amount to 150,000 square meters and that of houses excavated for business purposes will total 60,000 square meters. Determined efforts should be made to turn Wangfujing into a food street where stress should be laid on the establishment of restaurants serving various typical local dishes. The 1985 plan requires building more than 10,000 new stores and 100 restaurants serving typical local dishes.

It is necessary to develop international tourism on the basis of doing a good job in domestic tourism. The municipality will receive 800,000 foreign tourists in 1985, 22 percent more than in 1984. In hotel construction, 38 hotels will be completed as arranged by the local plan in 1985. This, coupled with the number of hotels built by the central departments and with the efforts to mobilize various departments and units and the collectives and individuals in both urban and rural areas to fully utilize existing conditions and tap potential for housing, is estimated to increase the number of additional beds to more than 50,000 throughout the year.

In order to ensure a brisk market and to meet the ever-growing needs of the people's livelihood, it is necessary to give full play to the role of state-owned commerce as the main channel. Industrial departments should take the capital's market as their main market. The purchase and marketing plans agreed upon by the industrial and commercial sectors of the municipality under the auspices of the municipal planning and economic commissions and financial office should be firmly implemented. The municipal government has decided to support the production of most-sought-after top-quality and brand-name light industrial and textile products in such areas as energy, materials, funds, and foreign exchange in accordance with the principle of "six priorities," and a selective manner.

Vigorous efforts should be made to develop insurance undertakings and to bring into full play the active role they play in guarding against disasters and making up losses, stabilizing the operations of enterprises, securing the life of the people, and collecting funds for construction.

/4. Working hard to develop industrial and agricultural production and to attain better economic results./

In agricultural production, it is necessary to conscientiously implement the various policies stipulated by the Document No. 1 of 1985 of the CPC Central Committee and the State Council, to further reform the rural economic management structure, to readjust the product mix in the light of market demands under the guidance of state planning, and to significantly develop the commodity economy so as help the suburban areas thrive and prosper more quickly.



Continued efforts should be made to implement the principle of definitely not relaxing efforts in grain production but instead vigorously developing diversified undertakings, and to provide the capital's market with more non-staple foodstuffs. The project output of grain of the municipality is 3.9 billion jin and that of oil-bearing crops, 50 million jin. More vegetable production should be carried on in the outer suburbs or other parts outside the municipality rather than in its environs. After being readjusted, the vegetable plots in the municipality's environs can be used to develop fish breeding and the production of oil-bearing crops, grain for brewing, fodder, fruit, and flowers and plants according to market needs. It is necessary to continue vigorously developing the breeding industry by utilizing the present fine situation in which the country has large quantities of grain at hand and also necessary to vigorously develop the production of lean-pork-type hogs, beef cattle, mutton sheep, meat poultry, and freshwater fish on the basis of increased output of pigs, eggs, and milk. The planned purchase of pigs in 1985 is 1.8 million and that of eggs, 170 million jin. The projected output of milk is 270 million jin and the catch of freshwater fish will total up to 25 million jin as scheduled. It is necessary to vigorously develop the fodder industry and to expand storage, fresh preservation, processing, and packaging industries in an appropriate way. The total industrial and agricultural output value of the suburban areas will top 7 billion yuan, more than doubling the 1980 figure. Township enterprises should strive for greater advances and their total income should increase by 20 percent over 1984.

In industrial production, it is necessary to pay serious attention to technical transformation and to significantly develop those food, electronics, home electrical appliances, auto, and building materials industries suited to the characteristics of the capital. The food industry must pay particular attention to developing basic raw and processed materials and continue developing fast food and children's food. In light and textile industrial production (including consumer electronic products), production departments should regard the increasing of the production of top-quality, brand-name marketable products and the ensuring of supplies as a political task which has a bearing on the overall situation and on the smooth progress of economic structural reform. The planning, materials, power supply, transportation, banking, and other departments concerned should give them active support and work in close cooperation with them. The planned output of the following products for 1985 is as follows: beer, 137,000 tons; refrigerators, 150,000; washing machines, 600,000; television sets, 800,000, half of which is color television sets; detergent, 48,000 tons; chemical fibers, 37,000 tons; woollens, 13.26 million meters; minicomputers, 5,000; cement, 2.6 million tons; motor vehicles, 45,000; steel, 2.45 million tons; rolled steel, 2.1 million tons; raw coal, 8.6 million tons; and electricity, 10.2 billion kilowatt-hours.

Through more than 30 years of construction, the municipality already a considerably sound industrial foundation. The future production development is to achieve the quadruplication task by relying mainly on technical transformation and on fully tapping the potential of old enterprises. Meanwhile, it is necessary to quicken the pace of industrial readjustment, to promote the combination of the cities and the countryside and the cooperation between the industrial and agricultural sectors, and to continue taking the road of the white orchid [bai lan 4101 5695]. Special stress should be put on the specialization and

coordination in production of top-priority products, such as light-duty lorries, three-wheeled cars, refrigerators, forklifts, and tourist buses, and township industrial units should be encouraged to undertake the production tasks of these manufactured goods in a planned way.

The tasks of urban construction and various undertakings of the capital in the days to come are very heavy and need large quantities of funds. They should be fulfilled by relying on expanding production and boosting income. It is, therefore, necessary to develop those industries suited to the characteristics of the capital, in which it has some foundation and strong points. The municipal government has decided to carry out the work as an important task. The main aspects of the work include the production of food (such as beer, wheat flour, and processed fat), electronic products (such as color kinescopes and integrated circuits), machinery (such as light-duty lorries and power equipment), building materials (such as cement and high-grade decoration materials), and consumer goods for everyday use (such as refrigerators) and the completion of the Shuiyuan No. 9 waterworks, the thermal power plant, and the Caobedian sewage treatment plant.

In communications and transportation, the volume of railway freight transport is expected to reach 31 million tons and that of road freight transport, up to 45 million tons and these figures may be surpassed in the course of implementation. The volume of passenger transport in the city proper will amount to 3.31 billion passenger-journeys. In 1985, efforts should be made to open up or readjust 31 bus routes, to strengthen the dispatch and control of motor vehicles in operation, and to work hard to offer better service and make contributions in resolving the problem of people having difficulties in getting access to transport facilities in the capital.

/5. Continuing to adhere to the principle of opening to the outside world, further developing trade exchanges with other foreign countries, and actively importing advanced technology from both other parts of the country and foreign countries./

A further step forward should be taken in expanding the capital's economic relations and trade with foreign countries. Compared with 1984, it is necessary to strive for a greater increase in absorbing foreign technology. It is also necessary to carry out the absorption of foreign capital and technology in conjunction with the study and digestion of science and technology and development work and to import serial [xi lie 4762 0441] products and advanced technology in the light of the capital's strong points so as to catch up with and get ahead of others.

/6. Putting the scope of capital construction under control, speeding up the construction of residential housing, strengthening environmental protection, and further improving the greening, beautification, and purification work of the capital./

The area of housing to be completed by the Beijing area in 1985 has to a great extent exceeded, according to the plan, the municipality's overall capability to undertake construction projects and it is, therefore, necessary to make proper arrangements in this regard in real earnest. Efforts should be made as

far as possible to ensure the construction of state and local key development projects, urban infrastructural facilities, and projects which ought to be completed as scheduled, and the continuation of projects which are already underway. As far as new projects are concerned, they should be put under strict control. Those whose conditions are not ripe should resolutely not be undertaken. Banks should make a reassessment of the capital construction projects wholly or partly using bank loans. Financial and banking departments should check up on the source of funds for construction projects using officially-owned or publicly-raised funds.

On the premise of ensuring the construction of state key development projects and of continuing firmly to put the construction of urban infrastructural facilities in the first place, continued efforts should be made to speed up the construction of residential units. The floor space of the capital construction projects completed in 1985 as planned will total 7 million square meters, of this figure, the floor space of completed residential units will be no fewer than 4.5 million square meters. In residential housing construction, the floor space of units completed locally is expected to reach 2.5 million square meters. Serious efforts should be made to implement the policies concerning private houses, the distribution of houses, and the construction of houses for secondary and primary school teachers and continued efforts should be made to renovate houses liable to collapse and to gradually improve the living conditions of residents.

In 1985, environmental protection and pollution control work will be further strengthened. The projected afforested area for the year is 300,000 mu. A network of forest belts will be basically set up around the fields of farmland. The number of trees planted in the urban areas will amount to 1.2 million and that of Chinese Rose trees with thriving flowers, 1 million. The area of new lawns is planned to reach 1 million square meters. Priority will be given to the greening and beautification of 9 parks and 12 small green areas in residential quarters. "Liuhai (six seas)" scenic spots will be renovated in an overall manner. In conjunction with industrial readjustment, continued efforts should be made to tighten pollution control, to remove more casting and forging, heat-treatment, and electroplating plants, and to build two small districts with quiet surroundings at Longtan and Changqiao and nine clean and beautiful residential quarters in Hepingli and six other districts. To reduce traffic noise and waste gas pollution, some 5,000 old Dongfeng three-wheeled motorcycles running along Sanhuan Road will continue to be replaced.

/7. Doing a good job in employment and continuing to control population growth./

Apart from the graduates from universities and colleges, technical schools, and vocational schools and ex-servicemen who should be given jobs and those who ought to be recruited from the countryside, an additional 30,000 or so workers will be recruited from society. The municipality will be able to give jobs to most of the middle school graduates in 1984. As for those who will graduate in 1985, efforts should be continued to do a good job in the pre-employment directional, specialized technical training and to encourage them to engage in collective undertakings or to seek jobs independently.

The municipality is expected to have a population of 9.58 million in 1985, 128,000 more than in 1984, with a natural growth rate of about 80,000 and a mechanical growth rate of about 40,000. The natural growth rate of population will be controlled at a range of about 8 per thousand.

/8. Paying serious attention to economizing on the use of water, energy, and raw and semi-finished materials./

The municipality has continued to suffer from drought for several years. The storage volume of the Miyun and Guanting Reservoirs is up to 500 million cubic meters less than in March last year, a record low since they were built. Emergency measures should be taken to ensure only necessary use of water before the flood season. The water supply plan should be curtailed and the supply of water for industrial use should be reduced by 15 percent. Aside from water to be used in draining vegetable plots in the near suburbs, no additional water will be supplied for agricultural use before the flood season. All units are required to strictly implement the water supply plan issued by the municipal authorities and no one is allowed to violate it. The masses should be aroused to take effective measures to economize on water. Those who make marked achievements in using water sparingly should be rewarded and those who waste water should be punished. There must be strict and fair treatment in giving awards and meting out penalties.

There will still be a strain on energy supply this year. This is a big problem. To ensure that all residents will have an adequate supply of coal, Fangshan County, Mentoughou District, and the Mining Bureau should ensure fulfilling the task to deliver 1.1 million tons of coal produced by small coal pits to the municipal authorities. At present electricity supply is considerably strained. All units should continue doing a good job in using electricity in a planned way and in economizing on electricity. The plan requires all industrial enterprises throughout the municipality to reduce the amount of energy consumed to produce 10,000 yuan worth of output value by 5.5 percent compared with 1984. The replacement and elimination of old Lancashire boilers and other old types of boilers should be completed this year. The central heat-supply systems should be further developed. All units are encouraged to choose a group of energy conservation projects which require less funds and have a sound technical foundation and spread the use of these projects within the specified time.

All departments, districts, and counties are required by the plan to extensively organize material resources by conducting economic and technological cooperation and by every other possible means. Meanwhile, it is necessary to vigorously promote the saving of, and substitution of materials for other purposes and to put materials and goods in stock to full use so as to ensure the successful fulfillment of construction and production work.

The present political and economic situation of the municipality is fine. The municipality has many favorable conditions for fulfilling the 1985 plan. We believe that under the leadership of the municipal government, so long as we rely on the broad masses of cadres and people, uphold reform, dare to blaze new trails, forge ahead while constantly opening up new prospects in work, strengthen discipline, and carry out all orders and curb what is prohibited, we are bound to fulfill and overfulfill the national economic and social development plan for 1985 and win more and greater victories in realizing the capital's socialist modernization program.

PROVINCIAL AFFAIRS

HUNAN HOLDS CONFERENCE ON INDUSTRIAL, COMMUNICATIONS PRODUCTION

HK180247 Changsha Hunan Provincial Service in Mandarin 2300 GMT 16 Apr 85

[Text] Yesterday afternoon the provincial people's government held a provincial telephone conference on industry and communications. At the conference, provincial Vice Governor Yu Haichao reviewed industrial and communications production in the first quarter and arranged work for the second quarter.

The conference stated that promoted by party rectification and reforms, the province's industrial and communications production has developed steadily and harmoniously. The province's total industrial output value for the first quarter was 6.06 billion yuan, fulfilling 24.8 percent of the annual plan, representing an increase of 27.3 percent over the same period of last year, and marking an all-time high.

The conference held that in the second quarter there will be more rainfall and power improved, it will be the golden time of industrial and communications production. Properly developing industrial production in the second quarter has a great bearing on the fulfillment of this year's plan.

The conference stressed that all localities, departments, and enterprises must firmly grasp the implementation of all established policies and further invigorate enterprises. They must, in the process of implementing the instructions of the central leadership on correcting the new malpractices, draw a clear line of demarcation between normal economic cooperation and abnormal acts to establish connections, between the principle of more pay for more work and the act of seeking personal interests by taking advantage of one's power, between normal business dealings and offering and accepting bribes, and between issuing rewards normally and issuing rewards wantonly, so as to protect the initiative of the cadres and masses in carrying out reforms.

CSO: 4006/562



PROVINCIAL AFFAIRS

GUANGDONG ECONOMIC MEETING CALLS FOR COOL HEADS

HK200433 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 20 Apr 85

[Text] A provincial economic work conference concluded in Xinhui this morning. Vice Governor Ji Jianan stressed at the meeting: We must keep cool heads amid the excellent situation, and resolutely avoid phenomena of blind pursuit and competing in speed of growth. He demanded that all prefectures, cities, and departments, base their work on reality and act according to their ability. They must seriously solve the impact made by controlling credit and consumption funds, invigorate the economy, strengthen management, and spur the province's economic situation to develop healthily in the correct direction.

Vice Governor Li Jianan pointed out: The province's present economic situation is very good. However signs of competing in speed of growth have appeared. Moreover some places, paying no heed to objective conditions or balance, are hurrying to start construction projects or import projects, with the result that investment in fixed assets has become excessive. If we allow this to continue, it is bound to wreck the balance of basic conditions, and we will be compelled to carry out a new readjustment. We must maintain all-round balance in all fields, and strive for sustained, steady, and coordinated economic development.

Vice Governor Li Jianan said: To ensure the smooth progress of reform, the CPC Central Committee and State Council recently took effective measures to control credit and consumption funds and so on. This is an extremely timely and correct major policy decision. We must resolutely implement it in our action. All prefectures, cities, and departments must cooperate and coordinate their efforts to solve these problems properly. First, it is necessary to give priority to providing the capital needed for normal production and circulation and ensuring the imported projects that can go into operation this year. We must use our limited capital in the places where it is most needed and strive for good social results. Second, while controlling credit funds, we must speed up the withdrawal of currency from circulation and tap our internal potentials. Third, we must, like Xinhui County, mainly use our own capital and foreign exchange for importing advanced technology, transforming the existing enterprises, developing production, and invigorating circulation.

CSO: 4006/562

PROVINCIAL AFFAIRS

GUANGXI DEVELOPS SOUTHWEST ECONOMIC COOPERATION

HK200301 Nanning Guangxi Regional Service in Mandarin 1130 GMT 19 Apr 85

[Excerpts] Since the first economic coordination conference of Sichuan, Yunnan, Guizhou, Guangxi, and Chongqing, which was held in Guizhou last April, Guangxi has upheld the principle of voluntariness and mutual benefit and attached importance to economic ties with Sichuan, Yunnan, Guizhou, and Chongqing. In the course of developing these ties, the region has strengthened cooperation and brought into play its superior points, with good results. Thirty-three economic and technological cooperation agreed between Guangxi and the four other places are now underway.

Last year, in cooperation projects, Guangxi imported 135,000 tons of coal and 22,000 tons of coke from Guizhou and 54,000 tons of phosphate ore from Yunnan. The region provided Guizhou with 10,000 cubic meters of timber, 300 tons of steel, and 400 tons of rice, and provided Sichuan and Chongqing with some 100 tons of jute and bluish dogbane seed. Sichuan supported Guangxi by providing 700 cases of sparkling wine of good brand. Wuzhou boiler plant was short of steel. Chongqing iron and steel company supplied 1,200 tons at favorable prices; this supply was outside the state plan. Guangxi is also building a 600,000-ton coking plant as a joint venture with the Guizhou provincial chemical industry department, requiring a total investment of 120 million yuan.

CSO: 4006/562

9 May 1985

## PROVINCIAL AFFAIRS

## YUNNAN RELEASES FIRST-QUARTER STATISTICS ON FIRES

HK140351 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 13 Apr 85

[Excerpts] The provincial public security department held a press conference in Kunming this morning to announce the statistics for fires in the province in the first quarter of the year. According to a responsible person of the department's fire-fighting section, during this period there were 789 fires in the province, killing 58 people, injuring 32, destroying 2.116 million jin of grain, and causing economic losses amounting to 5.31 million yuan. Compared with the same period of last year, the number of people injured and the amount of grain destroyed declined, but the number of fires and deaths and the economic losses showed increases. In particular economic losses rose by 37 percent, and amounted to half the total loss for last year.

According to the meteorological forecast, this year the current dry season will last longer than usual and the rainy season will be delayed. Hence all places and departments must pay all the more attention to propaganda and education in fire precautions.

CSO: 4006/552

PROVINCIAL AFFAIRS

YUNNAN PROMOTES ECONOMIC COOPERATION WITH CHONGQING

HK200327 Kunming Yunnan Provincial Service in Mandarin 2300 GMT 19 Apr 85

[Excerpts] Under the guidance of the central authorities' guiding principle on opening up to the world, invigorating the economy, and carrying out reforms, there have been great developments in economic and technological cooperation between Yunnan Province and Chongqing City in the past year, as the leadership of both places have attached importance to it, and notable results have been achieved.

In March last year, leading comrades from eight prefectures and cities including Kunming, Zhaotong, and Dali, led groups to Chongqing to visit and learn. Chongqing Mayor Yu Hanqing also personally led a composite delegation made up of leading comrades of various departments to Yunnan last October to pass on their experience and discuss economic cooperation. Thanks to active coordination and joint efforts on both sides, 11 of 21 cooperation projects agreed on at the southwest economic cooperation meeting last April have now been firmed up. In addition, since that meeting the departments in Yunnan have agreed with Chongqing on a further 75 projects, making a total of nearly 100.

CSO: 4006/562

AGGREGATE ECONOMIC DATA

BRIEFS

TIANJIN HOUSEHOLD-RUN BUSINESS DEVELOPMENT--According to statistics compiled at the end of 1984, the number of households that opened businesses throughout Tianjin Municipality reached 68,214, a 220-percent increase over the 1978 figure. Between 1980 and 1984, the municipality scored an increase of more than 50,000 individually-owned business and service firms and networks. [Excerpts] [Tianjin TIANJIN RIBAO in Chinese 21 Mar 85 p 1 SK]

CSO: 4006/562



9 May 1985

## ECONOMIC MANAGEMENT

## FUJIAN IMPROVES ECONOMY BY TAPPING MOUNTAINS, SEA

OW191105 Beijing XINHUA Domestic Service in Chinese 0812 GMT 12 Apr 85

[Article by XINHUA reporter Xu Yiming and FUJIAN RIBAO reporter Xiong Liwu]

[Excerpts] Fuzhou, 12 Apr (XINHUA)--Owing to the comprehensive utilization of mountain and marine resources, historical changes have taken place in Fujian's rural economy in recent years. The province has been able to break up the narrow patterns prevailing in five areas and entered a new period of all-round development of commodity economy.

Utilizing mountain and marine resources is a strategic plan put forth by the Fujian Provincial CPC Committee in February 1981 to accelerate the development of the province's rural economy.

Fujian is located in China's southeastern coastal area, with hills behind and the sea in front, and marked by a mild climate. Eighty-five percent of the province is hilly land suitable for developing forestry and growing woody oil-bearing crops and cash crops. With a 3,300-km-long coastline, the province has access to fishing waters with a total area equivalent to its land area and has shallow waters and sandy beaches which enable aquatic breeding and provide excellent conditions for aquaculture. In the past, the province concentrated efforts only on growing grain crops on 19 million mu of arable land and insisted that peasants engage in grain production even in areas not suitable for grain. Forests were destroyed to develop farmland and farmland was reclaimed from the sea, which caused abnormal development of the agricultural economy.

The correct policy decision of utilizing mountain and marine resources enabled Fujian to achieve breakthroughs in its rural economy.

It has broken up the narrow pattern of developing agriculture on the 0.7 mu per capita farmland and paved the way for comprehensive development. Four years ago, the ratio between Fujian's agriculture on one hand and forestry, animal husbandry, fishery, and sideline production on the other was 64 to 36. Last year, the ratio was 50-50. Moreover, most of its forestry, animal husbandry, fishery, and sideline production is commodity production.

It has broken up the narrow pattern of collective management by townships and villages alone, and created a new situation in which production is managed by both collectives and individuals. Since the implementation of the policy decision, party committees and governments at various levels have relaxed policies, which has fired the enthusiasm of hundreds of thousands of households. The province has stabilized ownership of 130 million mu of hilly areas and 102.5 million mu of wooded areas, designated 11.05 million mu of hilly areas for private use, and instituted the forestry responsibility system on over 73 million mu. The area for shallow water aquaculture has reached some 552,000 mu, an increase of 62.5 percent over 1980.

It has broken up the narrow pattern of only consuming resources, and begun to organically combine development, utilization, and protection of resources. Since 1981, the province has afforested 12.06 million mu, including 4.85 million mu of quick-growing timber forests. It has in the past 4 years also planted trees along 602 kilometers of the banks of Min Jiang, Jin Jiang, Jiulong Jiang, Ding Jiang, and Sai Jiang, which is 63 percent of the total length of the banks.

It has broken up the narrow pattern of closed natural economy, and continuously raised the level of specialization and society-oriented commodity production. Over the past 4 years, the number of specialized households and households that have joined economic associations has reached 758,000, comprising 16.9 percent of all farm households. More noteworthy is the craze among peasants to raise funds to set up factories. According to statistics, peasants have raised funds and induced overseas Chinese and foreign capital for a total of some 300 million yuan to set up 36,800 assorted rural enterprises with a total income last year 42 percent more than in the previous year.

It has broken up the narrow pattern of traditional agriculture and relied on science and technology to raise economic effectiveness. In the past, due to backward agricultural production technology and low economic efficiency, Fujian's farm and subsidiary products could not compete with products from other places in both domestic and international markets. In recent years, agricultural departments at various levels have vigorously imported agricultural technology from foreign countries. Longxi Prefecture, located in the delta area in southern Fujian, has imported from abroad and Hong Kong 15 technologies for seawater aquaculture, fruit tree cultivation, livestock breeding, and refrigeration over the past 4 years in order to improve strains, quality, preservation, processing, and packaging of farm produce.

Recently a leading comrade of the Fujian Provincial Party Committee in charge of agriculture told the reporters: Fujian has achieved remarkable results in implementing the policy of utilizing mountain and marine resources; it has lifted the curtain on the reform of the industrial setup in the rural areas. The province's total value of agricultural production in 1984 increased by 20.9 percent over the previous year, exceeding the industrial growth rate. Fujian will continue to conscientiously carry out this policy for a long time to come. At present, the provinces will further emancipate the mind and implement the policy in the light of the central authorities' Document No. 1 this year in order to make Fujian's green mountains and vast waters more useful for its people.

## ECONOMIC MANAGEMENT

### GANSU COMMENTARY ON EXPANDING SCALE OF PRODUCTION

HK150452 Lanzhou Gansu Provincial Service in Mandarin 0430 GMT 12 Apr 85

[Station commentary: "We Should Give Technical Support to Enterprises Expanding Their Production Scale"]

[Text] In the course of economic development, on the one hand we grasp large- and medium-sized enterprises, and on the other we grasp town and township enterprises and the urban collective economy. Through contacts in expanding the scale of production, the two are linked together. This is an important content of the province's economic structural reform, as well as the most important measure for invigorating the province's economy.

How to expand the scale of production indeed is a new issue worth studying. At present some large- and medium-sized enterprises are worried that both the price and quality will be adversely affected after the scale of production is expanded. Some small enterprises are also worried that their technical skills are low and they cannot meet the production costs. Therefore, they follow the large- and medium-sized enterprises in production and engage in areas in which they can meet the costs. In fact, this is a practice of two people sharing one man's work and profits. This goes contrary to the fundamental aim of expanding and developing production, improving economic results, and increasing income.

In our province small enterprises possess rather good social conditions and have a powerful productive force. But their weak point is that their technical skill is rather low; whereas the large- and medium-sized enterprises have [words indistinct] qualified personnel and high technical skills. So long as the large- and medium-sized enterprises give technical support to the small ones, problems concerning the quality and price of products can be solved easily.

In the case of the Lanzhou Oil Refinery, it earnestly expands its technology while expanding the scale of production. It gives technical support to enterprises undertaking expanded production. Facts have shown that this is a good way that has bright prospects.

The province's large and medium enterprises must send out technology and qualified personnel while expanding production. They must integrate the

expansion of the production scale and the transfer of technical achievements with readjusting the production structure, and help enterprises undertaking an expanded production scale develop new products. Thus, the small enterprises can strengthen their capability for development, can have a strong staying power, and can make contributions to the province's economic invigoration.

CSO: 4006/562

## ECONOMIC MANAGEMENT

### HUNAN ISSUES REGULATIONS ON REWARDING MANAGEMENT ACHIEVEMENTS

HK161652 Changsha Hunan Provincial Service in Mandarin 1100 GMT 16 Apr 85

[Text] The provincial Economic Committee, Financial Department, Labor and Personnel Department, and the industrial and commercial bank have recently and jointly proclaimed regulations on rewarding outstanding achievements in modern management.

Beginning this year, achievements in modern management and scientific and technological achievements in our province will be treated equally and personnel in enterprises who make outstanding contributions will be rewarded. Scientific theories, methods and management measures which will play a large part in improving the quality of an enterprise and in raising economic results will be rewarded in accordance with these regulations.

The rewards will be divided into four levels: First level achievements will be assessed by the province, second and third level achievements will be assessed by a prefecture or a city, and fourth level achievements will be assessed by an enterprise. These regulations provide that the bonus for an achievement in modern management will be defrayed by the unit which applies the achievement and the bonus will be included in production costs.

The regulations on rewarding outstanding achievements in modern management will be enforced on a trial basis in industrial enterprises.

CSO: 4006/562



ECONOMIC MANAGEMENT

ESTABLISHING INDICATORS OF GROSS NATIONAL PRODUCT, GROSS SOCIAL PRODUCT  
Beijing TONGJI YANJIU [STATISTICAL RESEARCH] in Chinese No 3, 7 Sep 84  
pp 50-56

[Article by Liu Qi [0491 1142]: "Indicators of Gross Social Product and Gross National Product"]

[Text] The question of what indicators of value should be used to observe and research the levels of development, rates of development and proportionate relationships of national production is a major one in the reform of planned management and statistical work. The gross social product is the foundation of economic and cultural life. In its material form, it reflects the total result of national production activity. In its ideological form, it is the economic category most important and most basic to our understanding of the course of social production. But scientific economic indicators are the proper quantitative descriptions of economic categories. Therefore, in order to understand the exact conditions of the development of national production, we must establish a set of scientific indicators for gross national product that can fully account for gross social product.

In judging whether an economic category or economic indicator is appropriate, one should look principally at whether it accurately reflects the objective contradictions in the economic process and, moreover, whether it provides the capacity to resolve these contradictions. Thus, gross social product and the value indicators reflecting it should first accurately reflect internal relations in the course of social production and should not become divorced from these relations. Second, they should be advantageous to the promotion of production and the improvement of management; they should not obstruct production or management. The purpose of this article is to proceed from this standpoint in order to consider the meaning and content of gross social product and to discuss the question of how to establish a proper explanation of the gross national product and gross social product.

I

For a long time now, both in theory and in the practice of planning or statistical work, we treated gross value of output as the basic indicator for gross social output. In the past few years however, scholars of all circles have found more and more fault with this indicator, and in practice the shortcomings it has produced have also become increasingly clear. But to date, gross value of output is still the basic planning

and statistical indicator for observing and researching the condition of the development of national production. Although some cadres have suggested establishing a comprehensive indicator system for national production that stresses final output value, they have also announced that this should "merely" be used to "reflect the scope and rate of national economic development and to calculate certain proportionate relationships. As for other areas, we should still separate indicators of gross value of output and net value of output." (1) It is said that in the expression of the value of gross social output, gross value is the basic category and basic indicator of Marx's theory of production. (2)

Thus, does gross value of output express the value of gross social output? Is there really a theoretical foundation for it? Starting with Marx's theory of production, we must consider the meaning and content of gross social output.

Gross social output is the most basic and most important economic category put forth by Marx when he was studying the production and circulation of gross social capital. "Gross social capital is simply equal to the sum total of all individual units of capital, and society's annual commodity product (or commodity capital) is simply equal to the sum total of the commodity product of these units of capital." (3) In material terms, gross social product includes productive materials and consumption materials. In terms of value, it includes newly created value and the value of production that has been consumed in the course of production.

This is to say that gross social product is the sum total of the entire amount of goods and materials produced by each producer in society within a period of time. It includes final products as well as intermediate products. It includes value newly added by labor in the current period as well as past labor that has been transformed into value. Gross social product includes duplicate calculation by enterprises and between departments. Thus, from the perspective of the correct reflection of gross social product, for gross social product to duplicate its calculation is simply not appropriate.

When he exposed the errors of Adam Smith, Marx pointed out: "The sum total of commodities produced every year, meaning that the overall product is the product of useful labor that has played a role in production in the past year. . . is the result of the consumption of useful labor for that year." (4) In particular, what he emphasized here is that gross social

---

1. "Establish a Comprehensive Chinese System of Indicators of National Production," PEOPLES DAILY, 18 Jul 83 p 5.

2. "Marx's Theory of Social Production," China Social Sciences Publishing Co., 1981 p 112.

3. "Das Kapital," Renmin Chubanshe, 1972, Chap 2 p 409.

4. "Das Kapital," Renmin Chubanshe, 1972, Chap 2 p 418.

product is the product of "useful labor." It is the "result of useful labor consumed in a given year." It fully explains the gross social product of which Marx spoke, and it indicates the total number of commodities and products already acknowledged by society. It is the sum total of commodity output for society's use.

Thus gross social product is the effective result of productive and administrative activity carried out by each producer within a certain period of time. What it reflects is the total value of commodities that the entire society moves from the realm of production to the realm of circulation within a given period of time. This is to say that gross social product just includes the commodities and products that each producer in society has already marketed.

Thus, does this correspond to the basic formula of Marx's analysis of social production?

As Marx correctly pointed out, what we should analyze is the circulation formula of  $W' - G - W$ . . . P. . .  $W'g - w$ . Through an explanation of what each unit of value of gross output  $W'$  may become in the movement of  $W' . . . W'$ , we can understand the situation of society's production. But Marx pointed out: "For the purpose of our current objectives, we should further our investigations of the course of production from the perspective of compensation for each component of value and component of material of  $W'$ "(5) But if we want to investigate  $W'$  further from the perspective of value compensation and material compensation, each unit of  $W'$  must be marketed. But because only commodities can be exchanged for currency, only when commodities are sold can the next step in the course of production be initiated. Therefore, when Marx analyzed the exchange between the two types, he based it on the premise of the complete realization of  $W'$ .

It is clear that our description of gross social product, which includes only the commodities and products already sold by each producer in society, is in complete conformity with the basic formulas of Marx's analysis of the course of production.

It is worth pointing out that Marx, in his "Critique of the Gotha Programme" treated gross social product as a category for advancing distribution. He wrote: "Let us first understand the term 'labor income' as the product of labor. Then the income of collective labor is thus the gross social product." The first portion of gross output is used to compensate for the means of production that has been consumed, the second portion is used to create an expanded base of production and the third portion is used to cope with lapses in funding and unfortunate accidents and natural disasters. The remaining portion is used to create a consumption base for the means of consumption. (6)

5. "Das Kapital," Renmin Chubanshe, 1972, Chap 2 p 436.

6. "Anthology of Marxist Thought," Renmin Chubanshe, 1972, Chap 2 p 9.

Of course, as a distribution category, gross social product can express the products supplied to society for final use. Those products that are still in the hands of producers and have not yet been sold (among which is the portion of goods that does not serve or that exceeds the needs of society and cannot be realized at all or in the current period) cannot be considered as gross output that can serve the needs of society or be distributed quickly.

From this we can see that in its capacity as the basic category of production theory, gross social output is the effective result of the productive and administrative activity carried out by each and every producer in society. It only includes the commodities and products already marketed by each producer, meaning the sum total of commodities realized by all the material and production departments within a given period of time. It reflects the total result of society's course of production and also reflects the sum total of commodities that has passed from the realm of production into the realm of circulation.

## II

Gross value of output is generally called the gross value of social output or gross value of national economic output. It includes five parts: gross value of industrial output, gross value of agricultural output, gross value of construction, gross value of transportation and gross value of commercial (material) and food service industries. The only indicator regularly used in our planning and statistical work is the gross value of agricultural and industrial production. But since 1965 gross value of output has regularly occupied about 70 percent of the gross value of agricultural output. Therefore, we will take the gross value of industrial output as an example in our investigation of the differences between the gross value of output and gross social output.

According to the regulations of the current system of statistics, the gross value of industrial output is the total of industrial output, as dictated in currency terms, produced by industrial enterprises within a given period of time. Aside from including the finished products produced by each enterprise, it also includes the semifinished products still being manufactured by some enterprises (those products with relatively long production periods). But these so-called finished products thus indicate products that have already passed inspection standards and products for which the enterprises have already conducted storage procedures in the current period. We can see that the gross value of industrial output is calculated in complete accordance with the total result of the internal production of each enterprise. What it includes are not the commodities and products already realized by the enterprise but only the products (aside from semifinished products and products being manufactured) for which the enterprise has internally completed the processing schedule. Whether these products can all be realized cannot be known for certain.

Thus, in examining content, what is indicated by the gross value of output is not gross social output; at most it is really no more than the gross product of enterprises. The gross value of output really is not the expression of the value of gross social output.

When Marx analyzed the changing shape of capital and its circulation, he pointed out: "Only if forms of capitalist production exist as a prerequisite can it also be said that social conditions are considered in capitalist production decisions. Thus, the general form of industrial capital circulation is currency capital circulation."<sup>(7)</sup> He also said: "In the regular course of production (whether it is simple or on an expanded scale), what capitalist producers pay in advance to currency in circulation must flow back to their points of origin (whether this currency is their own or borrowed). This is a law."<sup>(8)</sup>

Under conditions where there still exist commodity production and commodity exchange in a socialist society, which is based on large-scale modern production, every production enterprise must first have a certain amount of currency funds, after which it can purchase the means of production, pay the wages of its staff and workers, begin production activity and manufacture commodities and products. When it finally sells its commodities and earns currency, it realizes the objectives of satisfying society's needs and increasing accumulation. Thus the circulation of socialist industrial capital must still abide by a form of currency capital circulation, meaning currency-equipment capital-production capital-commodity capital-currency capital. When this circulation cycle begins to be carried out once more, then there is capital circulation. Therefore, only by proceeding from currency capital, through the transitions of equipment capital, production capital and commodity capital, and finally returning to currency capital, can a cycle be considered to have been completed. What the gross value of output reflects is not the completion of a cycle of capital circulation. It cannot explain the final results of the production activity of each enterprise. Neither can it reflect the completion of the "production schedule" in socialist production. Therefore, it basically is not a real reflection of the internal relations of the course of social production.

Thus, there is no theoretical foundation for the expression of the value of the gross social product nor for saying that it is the basic indicator or basic category of socialist production theory.

Because the gross value of output is calculated only according to the results of the enterprises' internal production activity and does not consider whether it serves the needs of society, it realistically cannot reflect the level of development of national production. Thus from the

7. "Das Kapital," Renmin Chubanshe, 1972, Chap 2 p 74.

8. Ibid., p 512.



perspective of socialist production objectives, observation of the level of the development of national production must be linked up with economic results.

Only if a product serves the needs of society can its labor consumption be acknowledged by society and its value be realized, so that it does not become ineffective and useless labor. If a product is not needed by society, its labor will not be acknowledged by society, and its value and utility value cannot be realized. The result would be that the greater the production, the greater the waste.

The basic shortcoming of the gross value of output is that it does not link the development of production with economic results. There are many "exaggerations" in its calculation. In order to proceed from China's actual conditions and follow a new path at a relatively realistic speed and with relatively favorable economic results, and a path through which the people can attain even more material benefits, relevant departments have suggested that we speed up the resolution of the three conditions of "exaggeration" in the calculation of gross value of output. These include: 1) exaggeration of the value of the portion being reported, without regard for the statistical system; 2) the loss-incurring manufacturing departments that have not reached quality standards or whose product quality has fallen; and 3) the output value of products that do not serve society's needs and that portion of the products that exceed society's needs.

Of course, we should adopt an enthusiastic attitude toward the resolution of these problems. However, the harm of gross value of output lies in its being calculated completely on the basis of the results of the enterprises' internal activity. It does not really have an objective, reliable foundation of its own. If we just use the gross value of output to observe the results and rate of production of each enterprise, and if only enterprises still have not yet transformed their production from simple production to production management, would we still be unable to change the trend in which people chase output and production speed. And we will therefore be unable to eliminate basically the "exaggerations" in the calculation of the gross value of industrial output.

Another deficiency in the gross value of industrial output is that its requirements are not in line with all the value indicators of an enterprise. Especially since in practice we only use the gross value of industrial output calculated in constant prices, this has vastly reduced the significance of this indicator in the analysis of economic activity.

Aside from this, the gross value of output by extension does not include the construction industry, the transportation industry and the commercial and food service industries. Therefore, it cannot accurately reflect the level of development and rate of development of national production.

In sum, the gross value of output in current planning and statistics is not a basic indicator that reflects gross social product. Continuing to defend this indicator is not only a theoretical mistake but is also harmful in a practical sense. We should be guided by Marx's theory of

production and establish a system of indicators of national production value that can properly explain gross social product.

### III

The question of which indicators we should use to reflect the level of development and rate of development of national production is currently a subject of debate. Many comrades believe that net output value does not include a duplication of calculations and can thus reflect the level and rate of development of national production more accurately than can the gross value of output. This point of view considers the duplication of calculations as a basic shortcoming of the gross value of output indicator and incorrectly holds that if we can just eliminate the redundancies in calculation, all "exaggerations" will thus disappear.

According to current statistics, industrial production increased 11.8 times from 1952 to 1979 according to gross value of output calculations based on that year's prices. Everyone admits that there were too many "exaggerations" in this rate. But when calculated in terms of net value, industrial production increased 12.4 times, and the "exaggerations" are even greater than those of the gross value of output. It is obvious that net value does not have fewer exaggerations for calculating the rate of production, because net value was originally derived from calculations of the gross value of output.

Some comrades advocate the use of final output value. Final output value reflects the comprehensive value of the finished product and is equivalent to the gross value of output minus the value of intermediate products. But final output value is not a basic indicator that reflects gross social product. Basic indicators that deviate from reflecting gross social product, and that calculate final output according to the gross value of output, can still preserve the "exaggerations" of the gross value of output.

Thus, what is the basic indicator that explains the gross social product? I believe it should be the total retail value of production.

This so-called total retail value of production is the total value of the social products that producers produce and sell within a given period of time. It is equivalent to the total value of a product (including production-type activities realized by production units in a given reporting period) and can more simply be called the total retail value. It includes the following:

Gross value of industrial production sales, which is the total value of the industrial products entirely produced and sold by industrial producers within a given period of time. It is equivalent to the sum total of price figures for industrial products that have already left the factory and that industrial enterprises market within a given reporting period (including equipment used by the enterprises and products for consumption by non-industrial production departments). With respect to the calculation of manufactured products, we should just limit it to products that are marketed within a few months under normal production conditions and single production items like huge ships and large computers. Although these

products cannot be discarded or accumulated in storage, we can calculate their total retail value of production according to the amount of work completed each month and the contract price.

Total retail value of agricultural production, which is the total value of agricultural sideline products completely produced and sold by all agricultural producers within a given period of time. Considering that self-motivated, voluntary production occupies a rather large proportion of production, grain, cotton, oil and other primary agricultural sideline production figures can be calculated using separate figures. Animal husbandry can be calculated using columns, and the rest can be calculated using actual retail figures.

Total retail value of production by the construction industry is the total value of building and installation projects used in construction and related revenues and expenditures by building and installation enterprises within a given period of time.

Total retail value of transportation, post and communications service products is the total amount of income realized by the transportation, post and communications enterprises within a given reporting period, including income for services from factory and mining enterprise production and income from services to the people.

Total retail value of commercial (material) production is the price differential between buying and selling realized by commercial enterprises (material supply organizations) in a given reporting period. The total retail value of food service production is the business income realized by the food service industries in a given reporting period.

Thus, the total retail value of production is the sum total of commodities and products realized by all of the material and production departments in a given reporting period. It uses currency to indicate the total number of products provided to society by all the material and production departments within a given period of time. It is the gross social product.

The differences between the total retail value of production and the gross value of output are: 1) The total retail value of production is calculated based on the social product realized by all production enterprises within a given reporting period. It reflects the final result of the productive and administrative activity of enterprises. But the gross value of output is calculated according to the enterprises' products of the last production schedule completed by the enterprise within the reporting period. How many of these products can be realized, or when they will be realized, cannot be calculated precisely. Thus, the gross value of output cannot reflect the final results of production enterprises. 2) The total retail value of production is calculated according to current prices and can sufficiently maintain the preciseness of the indicator. The gross value of output is calculated according to constant prices. Because there is a differential between constant prices and current prices, and because assumptions cannot be avoided in calculation, it is very difficult to protect the accuracy of the indicators. 3) The total

retail value of production includes the total product value realized by all material production departments within a given reporting period; it therefore can completely reflect the total number of products supplied to society by the material and production departments in a given period of time. The gross value of output only includes industrial output value and agricultural output value; therefore, it cannot completely reflect the total number of products supplied to society by the material and production departments within a given period of time.

Thus, the total value of retail production is a basic indicator that accurately explains gross social product. The use of this indicator in planning and statistical work can play a positive role in national resource production.

First, it can accurately appraise the economic results of the production enterprises. In measuring the size of an enterprise's contribution, we cannot just look at what it produces and how much. We must also look at what and how much it provides to society. The satisfaction of society's needs is, in the final analysis, determined by the total amount of social production realized by the material and production departments in a given period of time.

Second, it can facilitate the improvement of enterprise management and production and can improve economic results. This is so because under conditions where we use the total retail value of production to assess the achievements of enterprises, enterprises must increase their product variety and raise product quality in accordance with society's needs in order to complete and overfulfill the marketing plan. They must plan in great detail how to transform unfinished products swiftly in their production schedule into finished products. They must improve their technical methods, raise production results, shorten production schedules and reduce their use of funds. And they must be able to facilitate the improvement of enterprise management, strengthen economic accounting and improve economic results.

Third, it can overcome the contradictions in statistics and accounting and synchronize production indicators with other economic indicators. It can overcome contradictions that have existed for a long time in statistics and accounting. Not only can it eliminate the duplication of labor in assessing work, but it can also benefit the various types of analyses of economic activity.

Although many comrades admit that the gross value of an output indicator has shortcomings that cannot be overcome, most of them believe that it reflects the level of the development of production. They believe it reflects the various proportionate relationships of the course of production and the rate of production and that it plays a role for which there is no substitute. So we must also observe whether there can be any substitute for the role of gross value of output in the following areas and whether the total retail value of production can be substituted for the gross value of output in these areas.

1) Can the total retail value of production reflect the level of development of production? Under the condition where socialism exists in commodity production, and where the law of value and regulation by a market mechanism also play a role, only those material products produced within a given period that realize useful material wealth are acknowledged by society, and the aim of socialist production is to satisfy the needs of society. If the products cannot be realized for a long time because their quality is poor or because their varieties or standards are not marketable and because they are accumulated in storage, then no matter how much is produced, there will be no significance with respect to the satisfaction of society's needs. From this perspective, the use of total retail value of production to reflect the level of the development of production has much greater significance than the use of gross value of output. Moreover, because total retail value of production is calculated according to current prices, it is much more practical to use the total retail value of production than to use the gross value of output to reflect the level of production.

2) Can the total retail value of production reflect the various proportionate relationships in the course of production? We study the proportionate relationships of each department in order to understand the actual exchange relationship between the departments in the course of production. We study the proportionate relationships between production, distribution, circulation and consumption in order to understand the actual links in the course of the production chain. Because the total retail value of production is the actual value of the social product that has already been realized, it can accurately reflect the actual relationship between the various departments in the course of production. The gross value of output is not the actual value of social production that has already been realized, and its use can only reflect the assumed transaction relationships between the various departments. And because the only indicator calculated using constant prices is the gross value of agricultural and industrial output, its use also cannot reflect the actual exchange relationships between production, distribution, circulation and consumption.

3) Can the total retail value of production reflect the rate of the development of production? The problem lies in the fact that the total retail value of production, which is calculated according to prices, not only reflects changes in output but also reflects changes in prices. This way, in using the total retail value of production to compare trends, how can we reflect the rate of the development of production? In striving to develop socialist commodity production, under conditions where both the law of value and regulation by a market mechanism are used, we can certainly strengthen commodity price statistics and market research along with our reform of the economic system. Not only can we have an abundance of means of pricing, we can also expand our publication of each price indicator: for example, price indexes for industrial goods leaving the factory, price indexes for agricultural sideline products at the time of their procurement, construction industry price indexes, transportation industry price indexes, purchase price indexes and retail price indexes for commercial products. Under these conditions, we can directly publish



monthly and annual production indexes in accordance with our methods of pricing. We can also use the various price indexes and the total retail value of production to further the calculation of production indexes.

Thus, it can be seen that the role of the gross value of output is not one for which there can be no substitute. Using the total retail value of production as a substitute for the gross value of output can even better resolve the above-mentioned problems.

#### IV

Because the total retail value of production is a basic indicator that accurately explains the gross social product, it has superiorities and plays a role that cannot be matched by the gross value of output. Especially through economic adjustment and structural reform, with the full utilization of the law of value and the market structure, the total retail value of production will become increasingly important in economic management and economic research. In this way, we will have the need and the capacity to establish a system of national production value indicators that is centered around the total retail value of production and accurately explains the gross social product.

1) In Order To Reflect New Increases in Material Wealth by Material and Production Departments Within a Given Period, We Can Calculate Added Value.

Added value = total retail value of production - value of raw materials. Added value reflects new increases in the value of a social product by a production enterprise and the material and production departments within a given period; it is also called the final (product) output value. Using this indicator, we can carry out a comparative analysis of the actual contribution of each enterprise and each department.

2) In Order To Reflect Value or the Net Social Product Newly Created by the Material and Production Departments Within a Given Period of Time, We Can Calculate the Net Output Value.

Net output value = total retail value of production - value of raw materials - depreciation charge; or net output value = added value - depreciation charge. According to the above-mentioned formula, subtracting the value of overall consumption of materials from an enterprise's total retail value of production, or subtracting the depreciation charge from the added value, we get the net value of output for every enterprise. With the increase in the net value of the output of all the enterprises, we can get the net output value for the material and production departments, and with the increases in the net value of the output of the enterprises, we get national income. Using national income, we can not only carry out further comparative analyses of the actual contributions of each enterprise and each department but can also study the relationship between accumulation and consumption (calculated according to net value of output) and the relationship between the rate of increase of the rate of production of social labor and the increase in wages.

3) In Order To Reflect the Final Economic Results of Each Enterprise and Each Department, We Can Calculate Profit Indicators. Profit = total retail value of production - total cost. Using profit indicators we can explain the final economic results realized by each enterprise and each department and can also research the levels and growth of accumulation.

4) In Order To Carry Out a Comparison of Statistical Indicators Between China's Level of Production and That of the Rest of the World, We Can Calculate the Total Value of National Production. Total value of national production = added value of material and production departments + income of commercial and service departments + wages and welfare funds of organizations, groups and other non-production departments. The added value of the material and production departments is their total retail value of production minus their raw material value. The pure income of commercial and service departments is the business income minus their consumption of materials (not including the depreciation charge) of hotels, bathrooms, hospitals, photography studios, movie theaters and other commercial units. Using the total retail value of national production and per-capita gross national product, we can observe the course of China's four modernizations and carry out comparisons of China and other countries of the world. Of course, we should therefore also have a gross national product indicated in U.S. dollars.

From this we can see that in using the indicators of the value of national production centered around the total retail value of production, not only do we not need to use a large amount of manpower and resources since we would simply publish an index of constant prices for industrial and agricultural products once a year, but we could also vastly reduce the amount of accounting work done by our statistical personnel and enable them to put their primary efforts into areas of analysis and research.

As to the problems of calculation if we adopt this indicator, they would not be difficult to resolve. For example, if we just transform the monthly storage of product output into retail amounts or supply amounts, then we can calculate the total retail value of the production of each enterprise based on their product retail accounts. Aside from the area of agriculture, for which we need to do more research, there are not too many areas of difficulty with respect to the other material production departments. Of course, in order to calculate other value indicators based on the total retail value of production, and in order to research the rate of development and proportionate relationships of national production, our accounting work must be improved further, so that it can reflect the raw material input value and the depreciation charge accurately and at a convenient rate. There must also be some improvement in our statistical work. For example, we must improve our product retail statistics and our price statistics, improve department classification and product classification and reform our methods of implementation. Nevertheless, because we have used the gross value of the output indicator for so long in China, and because it has enjoyed historical roots and social influence both at home and abroad, reform will not be easy.

ECONOMIC MANAGEMENT

ZHANG JINGSU SPEAKS ON PRODUCTION SAFETY

OW141309 Beijing Domestic Service in Mandarin 1200 GMT 11 Apr 85

[Text] Speaking at the Second Plenary Session of the National Production Safety Committee this afternoon, Zhang Jingfu, state councillor and chairman of the National Production Safety Committee, stressed that in the new situation of economic structural reform, in opening to the outside world and invigorating the domestic economy, we must strive to better our production safety records more than ever, and narrow the gap between our country and the developed nations in production safety, thereby reflecting still more clearly the superiority of the socialist system.

Zhang Jingfu said, our current status of production safety is quite incompatible with the current economic development. This should merit serious attention from all concerned quarters. We must investigate and deal strictly with all serious accidents caused by derelictions of duty and find out who are to blame for them. Of course, production safety depends on objective material conditions, but more importantly, it also depends on subjective personal attention. The key to good safety work lies in strictness. Safety work brooks no carelessness.

Zhang Jingfu pointed out that from now on production safety should be regarded as an important part of all forms of contract responsibility systems. Personal safety should never be overlooked for short-term material gains. We must resolutely implement the principle of safety first to forestall accidents. Safety work deserves our constant attention. We must not relax our attention in safety work just because safety month activities are over. We must conduct periodic safety inspections to remove hidden perils. We must implement the three-in-one system which combines state supervision, administrative control and mass surveillance.

CSO: 4006/552

## INDUSTRY

### INDUSTRIAL OUTPUT VALUE INCREASES IN ANHUI

OW121111 Hefei Anhui Provincial Service in Mandarin 1100 GMT 10 Apr 85

[Excerpts] Our province's total industrial output value topped 5.1 billion yuan in the first quarter of this year, fulfilling 25.6 percent of the annual output value target and registering an increase of 30.8 percent over the same period of last year.

According to statistics, the output of industries under city control rose 24.8 percent, and that of industries under prefectural control, 46 percent. The output value of the province's light industry was 2,887 million yuan, a 37.5 percent increase over the first quarter of last year; and the output value of collective-owned industries was 1,215 million yuan, up 48.5 percent.

The output of 33 of the 35 major products whose production is under the control of the provincial economic commission fulfilled or overfulfilled planned targets, and the output of 28 of them increased as compared with that in the same period of last year. The production of marketable products increased at a faster pace. The output of television sets, washing machines, electric fans, refrigerators, and beer either doubled or redoubled.

The production of machines useful for the development of specialized peasant households also increased fast. The output of motor vehicles and walking tractors went up 190 and 67 percent respectively.

The January-February total output value of budgeted state-owned industries in the province increased 28.7 percent over the same period last year, and their sales income, product sales taxes, and profits went up 27.8 percent, 33.4 percent, and 31 percent respectively.

CSO: 4006/552

## INDUSTRY

### BRIEFS

**XINJIANG TOWNSHIP ENTERPRISES**--Urumqi, 20 Mar (XINHUA)--Enterprises run by various villages and townships in Xinjiang Uygur Autonomous Region have vigorously developed. In 1984 the total output value of all such enterprises throughout the autonomous region reached more than 600 million yuan, marking an increase of 47.1 percent over 1983. [Summary] [Beijing XINHUA Domestic Service in Chinese 0733 GMT 20 Mar 85 OW]

**XINJIANG'S INDUSTRIAL OUTPUT INCREASES**--The region's industrial output continued to rise in the first quarter. The gross industrial output value totalled 1.538 billion yuan, an increase of 28.49 percent compared with the same period last year, or 24.03 percent of this year's assigned target. Of the total value, the light industry's output value was 135 million yuan, while heavy industry's output value was 803 million yuan, an increase of 23.74 and 33.17 percent respectively compared with the same period last year. The output value of industries owned by the whole people was 1,336 million yuan, and that of industries owned by collectives was 189 million yuan, a respective increase of 24.74 and 62.93 percent compared with the same period last year. [Summary] [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 6 Apr 85 HK]

**GUANGDONG INDUSTRIAL PRODUCTION INCREASES**--Guangdong Province's gross industrial output value in the first quarter of this year was over 11 billion yuan, an increase of some 35 percent over the same period last year. Of the 14 cities and prefectures, the gross industrial output value of 9 cities and prefectures was far more than the corresponding period last year. By the end of March, the province had pressed some 12.9 million tons of sugarcane and had produced some 1.47 million tons of sugar. [Summary] [Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 8 Apr 85 HK]

**TIANJIN INDUSTRIAL ACHIEVEMENTS**--In the first quarter this year, the industrial enterprises throughout Tianjin Municipality realized more than 6.751 billion yuan in total output value, a 14.6-percent increase over the figure of the corresponding 1984 period. They handed over 334.76 million yuan in profits to state, a 7.81-percent increase over the figure of the corresponding 1984 period. [Excerpts] [Tianjin City Service in Mandarin 0030 GMT 10 Apr 85 SK]

**QINGHAI BOOSTS OUTPUT VALUE**--In the first quarter this year, the province realized more than 378 million yuan of gross industrial output value, or 22.28



9 May 1985

percent of this year's assigned target, an increase of 20.6 percent compared with the same period last year. The output of 18 products such as steel products, copper and zinc ores, steel, coal, crude oil, calcium carbide, caustic soda, knitting wool, machine-made paper, leather, soap, and electricity generated and purchased has reached over 25 percent of this year's targets. In addition, the province's heavy industry department, machine-building department, light and textile industries department, power supply bureau, building materials bureau, medical supplies bureau, office for national defense industry, and so on have accomplished over 23.7 percent of this year's targets. [Summary] [Xining Qinghai Provincial Service in Mandarin 1100 GMT 13 Apr 85 HK]

GUANGXI INDUSTRIAL OUTPUT INCREASES--The Guangxi Region's gross industrial output value in the first quarter of this year was 21.2 percent more than in the same period last year. Of this, the output value of light industry increased more quickly and was 17.47 percent more than in the corresponding period last year and the output value of heavy industry continued to increase and recorded an increase of 28.97 percent over the same period last year. Losses in January and February were 4.5 percent less than in the corresponding period last year and the number of enterprises incurring losses was reduced by 7.6 percent. Profits increased by 29 percent. The amount of taxes and profits submitted to the state slightly increased. The capital used in production which had increased all along in a few years in the past, began to drop. [Summary] [Nanning Guangxi Regional Service in Mandarin 1130 GMT 11 Apr 85 HK]

INDUSTRIAL ACCIDENTS INCREASED--Vice Governor Yu Haichao stressed at a provincial telephone conference on production safety and railroad security, held on 13 April: The government and management departments at all levels, and the enterprises, undertakings, and other units must firmly strengthen leadership over production safety. Structural readjustment and management system reforms must benefit production safety. Vice Governor Yu Haichao said: There were more accidents in Hunan in the first 2 months of the year compared with the same period last year. In particular, there was a big increase in accidents in coal and transport enterprises. It is now imperative to grasp production safety. [Excerpts] [Changsha Hunan Provincial Service in Mandarin 2300 GMT 13 Apr 85 HK]

CSO: 4006/552

## CONSTRUCTION

### SHANXI INCREASING EFFORT TO FINISH KEY PROJECTS

OW121740 Beijing XINHUA in English 1554 GMT 12 Apr 85

[Text] Taiyuan, 12 Apr (XINHUA)--Shanxi Province plans to strengthen management of 15 key capital construction schemes in a bid to complete them ahead of schedule, an official said here today. The major projects are already well under way, said Qiu Keqiang, in charge of construction in the province, China's biggest coal-mining area.

The schemes include China's biggest phosphorus nitrate fertilizer plant designed to annually produce 900,000 tons, an aluminum plant with an annual production capacity of 1.8 million tons, four coal mines, four electric power schemes and five railway and communications projects.

Last year, the province completed construction tasks costing a total of 1.8 billion yuan--17.3 percent more than the annual quota, said Qiu.

Completed projects include:

--two generating units each with a capacity of 200,000 kilowatts in Datong steam power plant.

--a 500,000-volt transmission line linking Datong in Shanxi with Fangshan, Beijing.

--a coal mine in Taiyuan with an annual capacity of 3 million tons.

--a 377-kilometer railway from Datong to Beijing.

--and a 52-kilometer section of double-track railway.

CSO: 4020/185

FOREIGN TRADE AND INVESTMENT

ADJUSTMENTS IN GUANGZHOU IMPORT DUTIES REPORTED

Guangzhou YANGCHENG WANBAO in Chinese 26 Jan 85 p 1

[Article: "Adjustments in Import Duties Have Already Been Made for Televisions, Motorcycles and Other Commodities"]

[Text] According to a report published in yesterday's XINXI SHIBAO [INFORMATION TIMES], reporters have learned from Guangzhou customs officials that import duties on televisions, video machines, automobiles, motorcycles and tractors have recently been adjusted, and now read as follows:

I. Televisions, video machines, and their spare parts and components:

1. Whole machines, color sets have a minimum duty of 80 percent and a regular duty of 100 percent. Other machines have a minimum duty of 60 percent and a regular duty of 80 percent.

2. For whole sets of components, color sets have a minimum duty of 70 percent and a regular duty of 90 percent. Other sets have a minimum duty of 50 percent and a regular duty of 70 percent.

3. For spare parts and components, color sets have a minimum duty of 70 percent and a regular duty of 90 percent. Other sets have a minimum duty of 40 percent and a regular duty of 60 percent.

II. Trucks

1. For motor vehicles with a loading capacity of 30 metric tons or more, the minimum duty is 10 percent and the regular duty is 12.5 percent.

2. For motor vehicles with a loading capacity of 8 to 30 metric tons (not counting those of 30 tons), the minimum duty is 30 percent and the regular duty is 40 percent.

3. For oil trucks, the minimum duty is 15 percent and the regular duty is 20 percent.

4. For other vehicles the minimum duty is 50 percent and the regular duty is 70 percent.

### III. Buses (including those seating less than 30 persons)

1. For motor buses, touring buses, passenger-cargo dual use buses and vans, the minimum duty is 120 percent and the regular duty is 150 percent.
2. For sedan cars, jeeps and other passenger vehicles, the minimum duty is 120 percent and the regular duty is 150 percent.
3. For motorcycle and motorized bicycle bodies without sidecars, the minimum duty is 120 percent and the regular duty is 150 percent. For those with sidecars, the minimum duty is 120 percent and the regular duty is 150 percent.
4. Motor vehicles and metal automobile bodies. For truck chassis with a loading capacity of 30 tons or more, the minimum duty is 10 percent and the regular duty is 12.5 percent. For those with a loading capacity of 8 to 30 tons (not including 30 tons), the minimum duty is 25 percent and the regular duty is 30 percent. For the rest, the minimum duty is 35 percent and the regular duty is 45 percent.
5. For large bus chassis, the minimum duty is 50 percent and the regular duty is 70 percent.
6. For other vehicle chassis, the minimum duty is 80 percent and the regular duty is 100 percent.
7. For automobile bodies that have already been assembled, the minimum duty is 60 percent and the regular duty is 80 percent.

### IV. Motor spare parts, components and accessories (not including tires)

1. Specialized spare parts, components and accessories for tractors and towing vehicles, the minimum duty is 10 percent, and the regular duty is 15 percent.
2. For specialized spare parts and components for vehicles with a loading capacity greater than 30 tons, the minimum duty is 7.5 percent and the regular duty is 10 percent.
3. For specialized spare parts and components for vehicles with a loading capacity between 8 and 30 tons (not including 30 tons), the minimum duty is 20 percent and the regular duty is 25 percent.
4. For specialized spare parts and components for vehicles with a loading capacity of less than 8 tons (not including those of 8 tons), the minimum duty is 35 percent and the regular duty is 45 percent.
5. For spare parts, components and accessories for large buses, the minimum duty is 50 percent and the regular duty is 70 percent.
6. For the rest, the minimum duty is 80 percent and the regular duty is 100 percent.

## FOREIGN TRADE AND INVESTMENT

### ECONOMIC COOPERATION WITH THIRD WORLD DISCUSSED

Beijing LIAOWANG [OUTLOOK] in Chinese No 3, 14 Jan 85 pp 16-17

[Article by Zhu Minshi [2612 2404 0037]: "China's Economic Cooperation with the Third World Is Flourishing--An Interview with Vice Minister Lu Xuejian [0712 1331 0303] of the Ministry of Foreign Economic Relations and Trade"]

[Text] Comrade Deng Xiaoping recently pointed out to visiting foreign friends that China is implementing its open door policy. A few people understood this to mean opening up to the developed countries, but that is still just one aspect. An even more important aspect of the open door policy is South-South (Third World) cooperation. Along with opening up to other socialist countries, these are the three main aspects of the open door policy.

At present, whether it is the continent of Africa or the vastly populated countries of Asia, China is now enthusiastically developing forms of economic cooperation that are varied, rich in content and quite effective with the broad range of countries of the Third World, and has made its proper contribution to promoting the forward development of South-South cooperation. Under this new situation of the development of China's economic cooperation with the Third World countries, this newspaper's reporter drew up a number of questions to ask Vice Minister Lu Xuejian of the Ministry of Foreign Economic Relations and Trade.

Lu Xuejian has been responsible for the development of economic cooperation with the countries of Asia and Africa for 12 years. Along with Premier Zhao Ziyang and vice premiers Li Peng and Tian Jiyun, he has visited many African countries, and he has a relatively deep knowledge of the work of developing friendship and cooperation between China and the Third World countries.

In an office in the Ministry of Foreign Economic Relations and Trade, Lu Xuejian enthusiastically elaborated on the significance, achievements and future of China's economic cooperation with Third World countries for this reporter.



### A Strategic Question

Lu Xuejian first emphasized that the development of economic cooperation with Third World countries is a major question of strategic significance, not only because a foothold of China's open door policy is to strengthen economic cooperation with the Third World, but also because on a global scale, cooperation among developing countries, or South-South cooperation, plays an important role in promoting North-South dialogue and reforming the irrational international economic order.

At present, the total population of the Third World is approximately 70 percent of total world population, and land area also amounts to 70 percent of total world territory. And the resources of these countries are abundant. But the Third World still includes many poor countries, of which China is also one. These countries are all facing a common task, which is to develop their own national economies and to resolve the problems of food, clothing and shelter for their people. In order to achieve this development, the countries of the Third World urgently need to develop economic cooperation.

Lu Xuejian understands through his own experiences that although most Third World countries are relatively poor, in the past few years they have all had different courses of development. Each has had its own special characteristics, so there are favorable conditions for mutually developing cooperation and, moreover, there exists a great deal of potential. It should be noted that the potential for cooperation among Third World countries is very great, and the areas of potential cooperation are quite extensive. Each country can, in accordance with its own actual conditions, find a few suitable ways to cooperate. In the area of resources they can supply one another's needs, and in the area of technology they can revive their own superiorities and special characteristics in carrying out exchanges. For example, China has synthetic ammonia, Kuwait has funds and Tunisia has an abundance of phosphate. The three sides are now negotiating cooperation in the construction of a phosphate fertilizer plant. The future of this kind of cooperation is very encouraging.

Lu Xuejian said that the North-South problem is currently an outstanding international problem. The irrational international economic order now in existence has a great influence on the development of each country's economy. If the rich get richer and the poor get poorer, then the developed countries will not have markets anymore, and will also encounter obstacles to future development. Although the North-South problem was raised a long time ago, to date there has been no move to resolve it. Only if the countries of the Third World strengthen cooperation and strengthen their capacity for collective self-reliance will there be a foundation upon which to promote a North-South dialogue. Thus, cooperation among Third World countries has added significance, in that it can promote a North-South dialogue. From this we can see that strengthening economic cooperation among the Third World countries has

very great significance for promoting world economic development and maintaining world peace.

### Sincere Cooperation

What results has China already achieved in economic and technological cooperation with Third World countries? What is the future like?

Lu Xuejian said that before the Third Plenum of the 11th CPC Central Committee, these cooperative relations primarily consisted of one-way assistance and trade. Since the Third Plenum, along with carrying out the open door policy, there have been new developments in China's economic cooperation with Third World countries. This was reflected when Premier Zhao Ziyang during his visit to Africa put forth four principles for economic cooperation between China and Africa (and with the Third World): "Equality and mutual benefit, stress on results, a variety of forms of cooperation, and joint development."

Lu Xuejian made a concrete presentation using a great many figures and examples. To date, China has already established economic aid relations with 80 individual countries of the Third World, has cooperated in building over 1,000 projects, involving various areas of agricultural and industrial production and consumer needs, both of which play an important role in developing national economies and improving the people's standard of living. These projects not only have high-quality construction, but also suit the actual needs of these countries and have been welcomed and praised by the governments and their people. The results of China's cooperations with African countries in developing various kinds of agricultural cooperation have been particularly outstanding. Also, through carrying out production technology cooperation, dispatching specialists to take responsibility for educating enterprises, supplying separate replacement parts, undertaking equipment repair and upgrading, and other forms of cooperation, China has made the most of economic results and practical results of a large group of joint construction projects.

In southern Tanzania, China and Tanzania cooperated in building the Mbalali farm, which through the joint labor of Chinese agricultural specialists and local farmers, yielded 1,000 jin per mu from its paddies for 7 consecutive years. The paddy rice it provided fulfilled one-fourth of Tanzania's market demand. The Ghar-ma [Gai-er-ma 5556 1422 7456] pottery factory in Algeria welcomed China's technical personnel who had been invited by the Algerians to cooperate in carrying out technical transformation with Algerian factory workers. Thus in less than a year the productivity rate was raised from 85.4 percent to 91.5 percent. The products were transformed from unmarketable ones to marketable ones, and the factory turned losses into profits. At the Burundi textile factory, which was built and put into operation in 1980, Chinese specialists assisted local technical personnel in carrying out reform of the product structure. They renovated old designs, producing new

cotton prints that the masses enjoy looking at and wearing. At present, there has appeared a new situation in China's economic cooperation with the Third World. Aside from what is already being done and what continues to be supplied, in accordance with the "four principles," new forms of mutual cooperation are being developed. For example, in the areas of contract projects, technical service and labor cooperation and joint venture enterprises, there have been new results. Lu Xuejian enthusiastically told this reporter that there is a new industry in varied forms of cooperation and mutual benefit between China and Third World countries, some of which are the first of their kind and have been developing rapidly. To date, China has already signed over 1,800 contracts with 52 countries and regions, for a contract total of \$3 billion. China has already successively established 54 international economic and technical cooperations, and there are currently over 40,000 technical personnel working overseas. In the past few years, China has dispatched technical personnel and workers primarily to participate in the construction and installation of projects. Now, aside from sending construction personnel from the textile industry, light industry, food products industry, building materials industry, machinery industry, petroleum industry and the chemical industry to carry out production and technical cooperation. Overseas projects for which China has independently contracted are gradually increasing. Among these projects are relatively large-scale projects. At present, China is still engaged in the operation of 70 joint venture enterprises with 22 Third World countries and regions, including farms, fisheries, lumber processing, furniture, restaurants and drilling wells. In sum, this cooperation reflects the spirit of mutual benefit, and has been praised by many countries and their peoples.

With respect to the favorable future of flourishing South-South cooperation, Lu Xuejian happily told this reporter that from the experience of the past few years, we now have an intimate knowledge that the developing cooperative South-South relationship has a good future. There is much that can be done. In the past our research in these areas was insufficient and we accomplished too little. He predicted that in 1985 China's economic cooperation with the Third World will develop even more rapidly.

## TRANSPORTATION

### SEVEN NEW DOMESTIC AIR ROUTES OPENED RECENTLY

OW211436 Beijing XINHUA Domestic Service in Chinese 1133 GMT 18 Apr 85

[Text] Beijing, 18 Apr (XINHUA)--During the month between 16 March to 16 April, China's civil aviation opened seven new routes.

The seven routes are as follows:

Guangzhou-Dalian one flight every Tuesday and Saturday; Shenyang-Dalian-Guangzhou-Shenyang, four flights each week; Guangzhou-Taiyuan, one flight every Friday; Shanghai-Lianyungang-Beijing, one flight every Tuesday and Saturday; Beijing-Qinhuangdao-Shijiazhuang-Nanjing-Shanghai, one flight each week; Shenyang-Qinhuangdao-Beijing, one flight each week; and Shenyang-Qinhuangdao-Beijing-Shijiazhuang, one flight each week.

In the later part of April, China's civil aviation will start a number of new international and domestic flights.

The opening of these routes will play an active role in alleviating difficulties in purchasing tickets and taking civil aviation flights.

CSO: 4006/562

TRANSPORTATION

GUANGDONG FORMULATES REGULATIONS ON BRIDGE, ROAD TOLLS

HK130416 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 12 Apr 85

[Text] The provincial government recently agreed to and formulated regulations on levying bridge and road tolls for the bridges and roads which have been built with funds privately raised, loans from banks, or foreign capital.

A toll may be levied for the main bridge or tunnel of a newly-built bridge or tunnel of a state or provincial road which exceeds 300 meters or in which over 10 million yuan has been invested and for the main bridge or tunnel of a newly-built bridge or tunnel of a local road which exceeds 150 meters or in which over 5 million yuan has been invested. A toll may be levied for the main bridge of an expanded bridge of an existing state or provincial road which exceeds 500 meters or in which over 10 million yuan has been invested and for the main bridge of an expanded bridge of a local road which exceeds 200 meters or in which 3 million yuan has been invested. A toll may be levied for a road for special use which connects an existing road with a wharf or a port station or with an economic development zone and which exceeds 10 kilometers, and for a road which connects the cul de sac of an existing road or a road over 5 kilometers long privately run by a district or a township.

The Provincial Communications Department is empowered to formulate the tariffs and method of management, which will become effective after examination and approval in coordination with the provincial Commodity Price Bureau and the Economic Committee. The levying of bridge and road tolls will cease after the capital and interest on the investments are repaid, and the bridges and roads will be under the unified control of the Communications Department.

CSO: 4006/552



TRANSPORTATION

SICHUAN TAKES MEASURES TO DEVELOP COMMUNICATIONS

HK130357 Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 13 Apr 85

[Text] Sichuan Province has decided to take 10 major measures, starting this year, to promote the development of communications. The contents of these measures are as follows:

1. Raise the proportion of investment in communications covered by the budget from the present 2.6 percent to 5 percent.
2. Raise the charges for road maintenance.
3. At 10 key road ferry crossings at the sites of bridges either being planned or currently under construction, a river-crossing charge is to be imposed, which is to be regarded as specialized investment for road improvement and bridge-building.
4. Raise the depreciation rate of vehicles and vessels.
5. The 30 percent of depreciation charges formerly retained by the provincial authorities will in principle be handed over to the communications departments for their use.
6. This year the communications departments will be given subsidies and low-interest loans amounting to 20 million yuan, to be used for improving vehicle and shipping companies, roads, and waterways.
7. The policy of comprehensive use of waterways will be implemented. Power generation will help pay for navigation.
8. About half of the excess capital collected for energy and communications will be returned to the communications departments for construction purposes.
9. For projects built by the state or the provincial authorities, together with improvements and maintenance, we will continue to implement the method of civilian labor [word indistinct], having highways run by the people, raising investment through a variety of channels, and undertaking sectional contracts, so as to speed up the construction and improvement of roads.
10. Eighty percent of the grain, cotton, and goods in kind provided by the state to poor areas to develop communications and build water conservancy projects will be given to the communications departments for their use.

CSO: 4006/552

9 May 1985

## TRANSPORTATION

## BRIEFS

GUANGZHOU-DALIAN SHIPPING ROUTE--Guangzhou, 29 Mar (XINHUA)--A new shipping route, linking Guangzhou and Dalian, with a stopover in Qingdao, opened on 29 March. This route, currently the longest passenger run in China, is some 1,300 nautical miles long, and a single voyage takes about 90 hours. The 13,000-ton liner serving this route has air-conditioning, a dance hall, bar, movie theater, dining saloons, stores, and a photo studio on board. [Summary] [Beijing XINHUA Domestic Service in Chinese 1523 GMT 29 Mar 85 OW]

TIANJIN NEW BERTHES--With the approval of the State Council, Tianjin Municipality adopted a 9-year project at the conference of the municipal urban and rural construction committee on building 12 berthes at the Dongtudi wharf of the Tianjin harbor. These new berthes will increase the 6.28 million tons of annual cargo volume handled by the harbor and will begin to be built within this year. Of these new berthes, three of them can accommodate from 1,000 to 1,500 containers, six of them can accommodate 10,000-ton-class ships, and two of them will take up the task of loading or unloading minerals. The wharf containing the 12 new berthes will be 2,152 meters long. After the building of these new berthes, Tianjin harbor will have 41 berthes that can accommodate 10,000-ton-class ships and will reach the 24 million tons of cargo volume handled by it each year. [Summary] [Tianjin TIANJIN RIBAO in Chinese 6 Apr 85 p 1 SK]

SINO-KOREAN BUS TRANSPORT OPERATION--In order to facilitate the exchange of visits paid by the border residents between China and the DPRK and to enhance the friendship of the people of the two countries, the Tumen City Bus Company for foreign tourists allocated more buses to highway passenger transportation between Tumen City, Jilin Province, and Namyang City, North Hamgyong Province, DPRK, and put them into operation on 1 April. This is the first regular bus service from the province to a foreign country. The 20 regular-bus trips between the two cities everyday have greatly facilitated the exchange of visits paid by border residents of the two countries. [Text] [Changchun JILIN RIBAO in Chinese 4 Apr 85 p 1 SK]

DALIAN-JAPAN CARGO LINER OPENS--The Dalian Oceangoing Transportation Company in Liaoning Province held a ceremony marking its maiden voyage of the Dalian-Japan cargo liner on 12 April. [Summary] [Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 12 Apr 85 SK]

YUNNAN ROAD CONSTRUCTION--By the end of March 1985, 17 prefectures, autonomous prefectures, and cities, including Dongchuan, Zhaotong, Honghe, and Lincang, in Yunnan Province had surveyed road mileage of over 12,500 km, which was 126 percent of the quota in the plan; some 495,900 workers had taken part in the construction of roads and bridges; and 16 large- and medium-sized bridges and 8,893 km of roads had been completed. [Summary] [Kunming Yunnan Provincial Service in Mandarin 1100 GMT 12 Apr 85 HK]

CSO: 4006/562

CHINESE MEDIA ON FOREIGN ECONOMIC AFFAIRS

ROMANIA'S 1984 ECONOMIC PERFORMANCE REVIEWED

Beijing LIAOWANG [OUTLOOK] in Chinese No 3, 14 Jan 85 pp 33-35

[Article by Zheng Jian [6774 1017]: "A Major Program in a Year of Grand Celebrations--Romania's Economic Recovery and Development"]

[Text] 1984 was a particularly bright chapter in the chronicles of Romania's socialist construction. As a celebration of two major events, the 40th anniversary of the country's liberation and the 13th Congress of the Romanian Communist Party [RCP], the Romanian people attained remarkable achievements in all areas of 1984 through their own hard struggle and through the guidance of the RCP. Gross value of industrial output increased by more than 6 percent, the highest rate in the 4 years of the Seventh 5-Year Plan. Hopes for capital construction were fulfilled completely, with favorable tendencies that had not appeared in many years. The agricultural harvest attained the highest level of grain output in history, with per capita output exceeding 1 metric ton for the first time. Ability to pay for foreign trade continued to be strengthened, with a foreign trade surplus of over \$2.4 billion. For the first time there were no requests to delay payment on foreign loans, and the country has accumulated enough to pay back nearly one-half of its foreign loans. There were improvements in market supplies, especially in supplies of fresh meat and fresh milk. These changes all indicate that the national economy has already gone through its difficult "deep valley," and can return to a favorable situation and even begin to make new strides.

This economic turnaround is the fruit of the industrious labor of the Romanian people, and is also the great achievement of the policies of the RCP. Because of certain dislocations that have appeared in the national economy and the continuing influence of the world economic crisis, added to the great amount of foreign loans coming due at the same time, Romania came into the 1980's facing a series of unusual difficulties, such as energy shortages, raw materials deficiencies, and foreign exchange shortages, and the annual rate of industrial growth fell from its past level of 12 percent to 2.8 percent. For this very reason, the RCP and government lost no time in adopting a series of adjustment measures designed to slow the rate of development, perfect the structure of industrial production, firmly grasp the weakest links of energy,

raw materials and agriculture, reduce imports, guarantee exports, and gather funds to repay loans. These effective measures enriched the experience of socialist construction and provided a foundation for the investigation of future principles of development.

Proceeding from the achievements and positive and negative experiences of Romania over the past 40 years, based on concrete national conditions, and taking into consideration continuing fluctuations in the world economic situation, the RCP Congress convened in November 1984 stipulated basic principles for the country's future development. The 13th Congress was concerned with the Eighth 5-Year Plan that begins in 1986 and long-term principles for development out to the year 2000. These were previously subjected to wide-ranging debate by 700,000 party personnel for the course of 3 months. They reflected the collective desires and overall agreement of the entire party and people, and are programmatic documents to guide economic work.

Continuing broad and deep adjustment, and protecting the coordinated, balanced and intensive development of the national economy were the basic policies of the 13th Congress. These policies were primarily manifested in:

1. Slowing the rate of accumulation, and stressing technology, quality and results, the nature of economic development was switched from extensive development to intensive development. In the 15 years since 1970, the average rate of accumulation has been 33 percent, with the vast majority of funds being used for the construction of new industrial projects, and over 80 percent of current fixed capital has been built in less than 20 years. Based on this situation, the 13th Congress has decided that the rate of accumulation in the Eighth 5-Year Plan should not exceed 30 percent. If we deduct from this funds for housing construction, the rate of accumulation is then 26 percent. Not long ago, Ceausescu announced at the Central Committee meeting that Romania "has already basically completed the important stage of extensive industrial development, and the entire national economy will now begin intensive development." The 13th Congress stipulated that three-fourths of industrial funds in the Eighth 5-Year Plan will be used for the upgrading of existing production capacity and the fulfillment of its potential and for the raising of product quality. It will also be used to work toward letting 95 percent of primarily industrial products catch up to current world levels by 1990.

The 13th Congress' Eighth 5-Year Plan directive emphasized overwhelmingly the decisive role of science and technology in economic intensive development and universal social progress. It believes that strengthening the role of science and technology is a basic prerequisite for realizing Romania's strategic economic objectives for this century, and as a result put the discussion of the future direction of the development of science and technology and related tasks in the first chapter of the document in order to induce discussion of it. This is the first time

that this has happened in the history of party congress documents. The 13th Congress requested the use of advanced technology to upgrade traditional industries, the resumption of development of automated technology, information technology, microelectronic technology and robotics technology, and that a great effort be made to trial manufacture and adopt the use of new technologies, new equipment, new materials and new product varieties.

2. Expand the slow rate of development of industry, adjust product structures, and complete the intensification of reorganization. The Eighth 5-Year Plan stipulates that the annual rate of growth of the gross value of industrial output should be 6 to 6.5 percent, level with the actual rate of growth for 1984, and much less than the 12 percent annual rates of growth in the past. The 13th Congress decided that industry would continue to carry out adjustment. First, there is to be a vast strengthening of the exploration industry in order to expand the energy resources and raw materials of this country and reduce reliance on the outside world; second, processing industries are to move their emphasis to technology-intensive production, and complete their intensified reorganization by the year 1990.

In view of the actual condition of the country's energy reserves, the Eighth 5-Year Plan stipulates that expansion of the country's energy base should rely primarily on increases in coal production and that the country's energy structure should be thus transformed. Annual crude oil output should draw support from the development and strategic growth of the Black Sea Oilfields, and natural gas output will thus shrink by 20 percent. By 1990, raw coal output should reach 100 million metric tons, seven times greater than current production. The proportion of electricity production that uses coal and shale oil as its source will clearly increase, with the proportion of oil and gas sources decreasing from its present level of 50 percent to 30 percent. Processing industries will further restrain their activities in products that require a high level of consumption of energy and raw materials, and will grasp the development of technology-intensive and multiple processing activities. The machine-building industry, which has had an average annual growth rate of 17 percent for the past 30 years, will maintain growth between 7 and 7.5 percent for the period of the Eighth 5-Year Plan, though the use of computer technology, precision instrument and automated machinery in those 5 years will increase more than 7 percent, and the use of electronic components should more than double.

3. Accelerate agricultural development, establish a proper ratio of development to industrial development, and guarantee fulfillment of the three major tasks. Agriculture is a basic department of the national economy, second only to industry. The Romanian National Congress meeting held 2 years ago pointed out that certain imbalances had developed between vigorously developed industry and relatively slowly developed agriculture. The 13th Congress clearly pointed out that from now on



"the most favorable ratio be guaranteed between agriculture and industry, and stipulated that in the Eighth 5-Year Plan period, agriculture should grow at a rate between 30 and 33 percent, close to the 34 to 37 percent rate of growth for industry.

The 13th Congress asked that agriculture realize high, stable yields, completely fulfilling the three major tasks of improving market supply, guaranteeing raw materials for industry, and exporting at least \$200 million of product per year. To this end, the 13th Congress also decided that assistance to agricultural development should be increased in terms of financial resources, materials and manpower. In 1985, total investment should increase 7 percent, and investment in agriculture should increase 25 percent. Total investment in the Eighth 5-Year Plan will increase an inadequate 4 percent, but agricultural investment will increase 23 percent. In agricultural investment, priority will be given to using large-scale soil improvement projects and to the extensive use of chemical fertilizers and machinery. By 1990, irrigated areas will occupy over one-half of all arable land. The use of fertilizers will nearly double, and at the same time the mechanization of agriculture will be almost completely realized.

4. Expand exports, ensure imports and pay off the \$6 billion in existing foreign loans. The RCP believes that the heavy burden placed on the national economy by high-interest foreign loans is a profound historical lesson. Since 1982, Romania has been resolute in not making new loans, and has conserved on expenditures and broadened sources of income in order to repay old debts and cast off the burden of foreign debt. In these few years it has principally reduced imports, strived for foreign trade surpluses and repayed its foreign debt. Considering that in the future it will still import a vast amount of energy and raw materials, as well as a great deal of advanced technology and equipment, and considering that it is seeking to repay its entire foreign debt within the Eighth 5-Year Plan period, the 13th Congress stipulated that foreign trade work should have the primary responsibility of expanding exports of good quality, strongly competitive industrial products, and use increases in exports to guarantee a foreign trade surplus and a surplus after foreign payments. The Eighth 5-Year Plan stipulates that of the 41 to 45 percent increase in foreign trade, exports will account for 52 to 56 percent of that increase. The 13th Congress also requested that foreign trade work should work toward increasing the proportion of compensation trade, and that foreign trade departments should sign long-term contracts as much as possible in order to guarantee the long-term, stable development of exports.

The strategic decisions made in this year of grand celebrations are of concrete and profound significance. The 1980's will be a decade in which the Romanian economy has overcome difficulties, consolidated its achievements, implemented adjustments and taken off anew.

9 May 1985

## PUBLICATIONS

## BRIEFS

NEI MONGGOL INFORMATION PAPER--Sponsored jointly by the Nei Monggol regional Economic Commission and the regional radio and TV department, NEIMENGGU XINXI BAO [Nei Monggol information paper] began publication on 1 April. It is an economic information weekly aimed at spreading Nei Monggol regional economic information as well as spreading domestic and foreign economic news. In addition to spreading production, management, scientific, technological, and market information, this paper will also introduce Nei Monggol's natural resources. Bu He, deputy secretary of the Nei Monggol Regional CPC Committee and chairman of the regional government, wrote the title for the paper.

[Summary] [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 7 Apr 85 SK]

CSO: 4006/562

Free Trade Zones

AUTHOR: WEI Yanshen [7614 3501 1957]

ORG: None

TITLE: "Development and Prospects of the World's Free Ports and Free Trade Zones"

SOURCE: Beijing LIAOWANG [OUTLOOK] in Chinese No 5, 4 Feb 85 pp 34-35

ABSTRACT: Since the world's first free port was founded at Livorno, Italy in the mid-16th century, more than 400 free ports and trade zones have operated in some 80 countries, handling about 10 percent of the world trade. These zones are classified as zones for commerce, industry, commerce-industry and science-technology. Foreign capital, technology and management are imported while boosting employment and exports in opening up backward regions and promoting economic growth. Hong Kong and Singapore are famous examples of free trade zones of the commerce type, generally called free ports. Taiwan has three industry zones and one science and technology zone; the latter is patterned after the Stanford High Technology Industrial Park in the United States. At present, developing countries like India, South Korea and the Philippines have also operated similar industrial parks to upgrade their technology. This is a transition period for the development of free trade zones from the commerce (or industry) type to the commerce-industry type, and from labor-intensive export processing zones to knowledge-intensive science parks in a new burst of development. In 1990, it is predicted that both the trade volume and employment will be doubled over the present figures. This trend pushes the world trade volume higher year by year.

10424

CSO: 4011/18

9 May 1985

## HONG KONG MEDIA ON CHINA

## ROLE OF BANK OF CHINA'S BRANCHES IN FOREIGN TRADE

## Beijing Branch

Hong Kong JINGJI DAUBAO [ECONOMIC REPORTER] in Chinese No 6, 28 Jan 85 p 25

[Article by Zhang Xuequn [1728 1331 5028]]

[text] The Beijing branch of the Bank of China was established in 1979. As foreign trade developed in the Beijing area, the office has continued to expand in the last 6 years. With a staff now numbering over 600, it is rapidly increasing its operations. According to statistics for January-November 1984, it handled 2.63 transactions, or 21 times the number for 1979.

The Beijing Branch of the bank of China is an international financial institution. A subsidiary of the head office, it is administered by the foreign economic and trade committee of the Beijing municipal government. Its function is to raise, to put to use and to accumulate foreign currency funds and to engage in foreign exchange and international financial operations in support of China's socialist modernization construction projects. Its scope of operations is: (1) The settlement of international accounts and foreign currency exchange, including operations involving import and export trade letters of credit, the acceptance of funds on trust on proof of evidence, flexible trade settlements, incoming and outgoing international remittances, the exchange of foreign bank notes, the issuance of traveler's checks and credit cards and the acceptance on trust of bills issued by banks throughout the world. (2) The handling of foreign currency and renminbi deposits and services extended to overseas Chinese, including deposits in the name of depositors of American dollars, British pounds, Hong Kong dollars, Japanese yen and West German marks, special renminbi deposits, overseas deposits by mail, remittances by overseas Chinese and compatriots from Hong Kong, Macao and Taiwan, deposits of foreign currencies and renminbi of Chinese and foreign joint enterprises and the sale of real estate and negotiable securities on commission. (3) Credit operations including foreign currency loans, foreign currency and renminbi loans extended to Chinese and foreign joint enterprises, credit loans for import buyers and export sellers and for foreign currency credit deposits and loans, etc.

The Beijing branch has done a great deal of work in the above-mentioned operations in the past 6 years and has made notable gains in the development of foreign trade and international exchange in the nation's capital. In the

extension of foreign currency credit loans to the enterprises for the importation of technologies alone, the Beijing branch has within the last 6 years given its support to over 440 projects, extended foreign currency loans to excess of \$420 million, rendered its support to the technical reform of light and textile industries as well as the electronics and food enterprises and helped develop the tourist trade.

For instance, the Beijing branch has made it possible for the clothing enterprises to import 3,000 pieces (sets) of advanced equipment valued at 25 percent of their fixed assets, upgraded their technical standards and increased their productive capacity and foreign exchange earnings.

In support of the electronics industry, the Beijing branch has extended foreign currency loans amounting to \$47 million and renminbi loans amounting to 44 million yuan to bring in 35 production lines capable of producing 200,000 color television sets, 400,000 black and white television sets, 500,000 tape recorders and 850,000 radio sets a year.

In support of the food enterprises, the Beijing branch has extended to them foreign currency loans amounting to over \$24 million and renminbi loans amounting to over 25 million yuan for the importation of 14 production lines that turn out flour, fat, bread, beer, beverages, instant noodles and bean curds.

The Beijing branch has also extended loans to such Chinese and foreign joint enterprises as the Jianguo Hotel, the Great Wall Hotel, the Jinglun Hotel and other tourist hotels.

In 1981, the Beijing branch also set up the Beijing Trust Consultation Co to handle investments inside and outside of the country, international leases, trust fund insurance and economic consultation services. In the past 3 years, it has invested in 30 projects, concluded 20 leases and handled incoming and outgoing foreign currencies amounting to over \$340 million.

On the basis of equality and reciprocity, the Beijing branch of the Bank of China welcomes the opportunity to establish friendly relations and cooperation with financial and trade institutions and enterprises throughout the world and will do its part in the promotion of friendship and economic development.

Address of the Beijing branch of the Bank of China: 32, West Street, Dongshikou, East City Section, Beijing, China. Telex: 22491 BOCCB CN. Cable address: CITY CHUNG. Telephone exchange: 557531.

Tianjin Branch

Hong Kong JINGJI DAobao [ECONOMIC REPORTER] in Chinese No 1, 28 Jan 85 pp 25-26

[Article by Gu Peichuan [7357 1014 1557]]

[Text] The Tianjin branch of the Bank of China has achieved notable gains in 1984 in making use of foreign capital for the importation of technologies and the technical reform of the enterprises. According to statistics for 1984, approval was given by the Tianjin branch for the extension of 205 various kinds of foreign currency loans amounting to over \$270 million, an increase of 176 percent compared to the figure for 1983 and equivalent to the total for the 11 years between 1973 and 1983. It also approved 49 foreign currency credit investment projects amounting to over \$71 million, an increase of 477 percent over the figure for 1983 and equivalent to twice the total for the previous 3 years. The above figures indicate that since the decision was made by the CPC Central Committee to open up further the coastal cities, the city of Tianjin has made much greater use of foreign capital for technology imports and that the Tianjin branch of the Bank of China has played an increasingly important role in the utilization of foreign capital in support of technology imports.

According to an analysis made by the Tianjin branch of the Bank of China, the extension of foreign currency loans and the approval of foreign currency credit investments are marked by the following features:

First, there has been an increase in the ratio of key projects in the extension of foreign currency loans and foreign currency credit investments. According to statistics, among the foreign currency loans extended by the Tianjin branch in 1984, 18 were for projects exceeding \$3 million, which accounts for 45 percent of the total amount of loans. Production lines, for instance, have been established for the annual production of 100,000 motorcycles, 1 million refrigerators, minicars, charcoal, plate glass, submersible electric pumps, mining machinery and electric cables. All these key technical reform projects of the city of Tianjin have been given active financial support by the Tianjin branch.

Second, the Tianjin branch has given its staunch support to the development of Chinese and foreign joint enterprises. Last year, the city of Tianjin made the development of Chinese and foreign joint enterprises the focal point in making use of foreign capital for technology imports. The Tianjin branch also rendered its support to the industries, including the third industry of improving the investment climate by offering consultation services, by extending loans and by making investments. For instance, by offering its consultation services, the Tianjin branch was instrumental in bringing about the establishment of joint operation between the Tianjin Great Wall Food Factory and the General Foods Co of the United States to produce powdered beverage. By extending loans of \$39 million as capital stock to the Chinese side, it helped establish such Chinese and foreign joint enterprises as the Crystal Palace and the Yanyuan and Lishunde Hotels in Tianjin. By investing in the Computer Software Co of the Huagaang Electronics Co, it helped bolster the confidence of its foreign



business partners in making investments in China. At present, the Tianjin branch has established various operational and financial ties with close to 20 Chinese and foreign joint enterprises, or one-third of the total number of joint enterprises in Tianjin.

Third, importance has been attached by the Tianjin branch to technology imports and to technical personnel. In order to upgrade basically the technical standard of the industries in Tianjin and to improve their economic effectiveness, it has, in its credit loan and trust operations, put its emphasis on giving support to the enterprises in the acquisition of "patents" and "tricks of the trade" to speed up technical reforms. For instance, the technique for mixing paint used by the Tianjin Paint Factory, the technique for producing bulldozers used by the Construction Machinery Factory, the technique for producing lead and steel and the technique for producing beer are all projects made possible with the active support of the Tianjin branch. At the same time, it has taken advantage of its extensive foreign contacts to invite foreign experts in the casting of machinery and silk fabric printing and dyeing to help the No 2 Machine Tool Factory and the silk industries in Tianjin upgrade the quality of their products which had long been known to be less than satisfactory.

Fourth, the branch bank has rendered active support to the establishment of the Tianjin Economic and Technical Development Zone. With the approval of the State Council, the Economic and Technical Development Zone was set up by Tianjin to open up further to the outside world. To meet the needs of the zone, the Tianjin branch of the Bank of China upgraded its Tanggu subbranch to a branch bank and entrusted to it a wider range of responsibilities. The Tianjin and Tanggu branches have also given active financial support to the establishment of the development zone and have granted the municipal construction departments B-type special loans amounting to \$5 million for equipment imports and for highway construction. Further, they have sold and adjusted foreign exchange and extended loans to the municipal construction departments to enable the development zone to import construction materials to speed up its establishment. The Tianjin Trust and Consultation Co of the Bank of China has also engaged in the joint establishment with foreign businessmen of the "Song and Ming Carpet Co," which is one of the first groups of joint enterprises established in the development zone.

Imbued with the spirit of reform, the Tianjin branch gradually upgraded its foreign currency, credit loan and trust operations to meet the new situation arising from the need to open up further the coastal cities to the outside world. In considering the extension of foreign currency loans and in making investments, the Tianjin branch, acting in concert with the overall program of Tianjin for making use of foreign capital for technology imports, has strengthened its financial services and made a point of concentrating its funds on key projects to ensure their success so as to contribute to the economic development of the city. At the same time, by freeing itself from set ideas and outdated patterns and being mindful of the gap which had existed in the past few years between the amount of foreign currency loans needed and that which had been made available, it has decided to set a fixed amount for foreign currency loans to solve the problem posed by "the insufficiency of foreign

9 May 1985

currency loans on the one hand and the difficulty of making use of them on the other" so as to make full use of the potential of foreign currency loans. In order to increase economic benefits in society, the Tianjin branch has also increased the number of preferential interest loans, which account for 97 percent of the entire number of foreign currency loans. Specifically, it has simplified procedures and increased the rate of efficiency, whereas two seals were required on an application for foreign currency loans, only one is now needed; credit loan officers are required to visit the factories and to engage in the work of investigation so that the granting of foreign currency loans may be dealt with in a more efficient manner. During the past year, a number of foreign currency loan applications were dealt with 4 or 5 days after they were submitted.

#### Shenzhen Branch

Hong Kong JINGJI DAobao [ECONOMIC REPORTER] in Chinese No 6, 28 Jan 85 p 26

[Article by Liang Dongfang [2733 2639 2455]]

[Text] With the growing prosperity and development of the special zone, the number of workers in the Shenzhen branch of the Bank of China has been increased from 50 to 650. From the original 2 sections, it has established 9 branches and subbranches and 19 departments, divisions, offices and network service stations extending to all corners of the special zone. Faced with competition from its rivals, the Shenzhen branch has imbued itself with the pioneering spirit and brought about such major reforms as the adoption of the "customer is always right and service above all" attitude. It is also in the process of diversifying, modernizing and internationalizing its operations. By engaging in all renminbi transactions involving foreign currencies, various types of deposits, accounting methods, remittances, trust funds, investments and leases, the acceptance on trust of bills receivable and various types of loans by offering a wide range of flexible, high-quality and fast financial services, it has made tremendous headway in various areas in the special zone. According to statistics for the 3d quarter of 1984, the Shenzhen branch registered a 20 percent increase in the total number of foreign currency receipts compared to the same period in 1983, 2.6 times the number of renminbi loans, 6.5 times the individual savings deposits, 4.8 times the trust deposits and 1.2 times the foreign currency deposits. As for trust investments, the Shenzhen branch earned almost \$50,000 by providing consultation services on 159 occasions and 150,000 renminbi and \$79,000 in trust income.

Since the 3d quarter of 1984, the Shenzhen branch has stepped up the establishment of its network outlets. After the Heping Road, Dongmen and Shahe offices were opened for business in July, the office at the Xiaomeisha Tourist Wharf and the Shangbu office were opened on 14 August and 5 September, respectively. The Wenjindu currency exchange office, after having started to accept deposits from public organizations on behalf of the Shenzhen branch, started to handle renminbi and Hong Kong dollar deposits on 3 October. The office at the port of Luohu also enlarged its operations on 15 October. The offices at Mutoulung, Guiyuan, Zhongxing, Songgang, Longgang and Buji are in the process of being established and are expected to begin operations in the near future.

While establishing extensive network outlets, the Shenzhen branch also set the limit of the authority of the various subsidiary units in a flexible manner, gradually vested them with more and more authority and effectively motivated their spirit of initiative and enthusiasm. After the Baoan subbranch had been given the authority to study and approve the extension of loans of up to 500,000 yuan (U.S. \$100,000 and HK \$1 million), for instance, the manager of the subbranch personally led his entire staff in conducting investigations of the various business units in depth. After having granted his approval for a fund collection unit to engage in banking operations, he then assisted it in handling the opening of accounts in the Bank of China. The service and efficiency of the Baoan subbranch improved to such an extent that it gained a large number of new clients, the amount of foreign currency deposits doubled and the amount of renminbi savings deposits jumped 8 times compared to the same period the previous year.

The competition offered by the banking business also fostered the spirit of competition among the subsidiaries of the branch bank. The counter at the Longmen Office, for instance, gives the names of the workers on duty, thus enabling the clients to identify them by name and to assess their efficiency. What the office has lost in the convenience of its "location" has been made up by what it has done to improve its "public relations." The Shangbu office, which is situated in the industrial section of the city, also sent its officers to visit the factories and households one by one to solicit their opinions as to how it could improve its services. It has earned favorable comment from its clients by increasing the number of windows, simplifying the deposit procedure and being open for business during festivals and holidays.

0001

Doc: 4006/390

HONG KONG MEDIA ON CHINA

GUANGDONG'S ACHIEVEMENTS IN OPEN-DOOR ORIENTED LEGAL WORK

Hong Kong JINGJI DAobao [ECONOMIC REPORTER] in Chinese No 6, 28 Jan 85 p 20

[Article by Zhou Shude [0719 2885 1795]: "Guangdong Continues To Perfect Its Economic Laws To Improve the Investment Climate"]

[Text] Guangdong Province has continued to strengthen and improve the establishment of its legal system and legal services and to exercise China's sovereign rights in protecting the legitimate interests of the concerned parties, both Chinese and foreign, in order to improve its investment climate.

While the state is speeding up the process of economic legislation involving foreigners, Guangdong Province has in the last few years formulated and promulgated a series of laws and regulations of a local character. Taking the establishment of the special economic zones as an example, the province has, at various times and in accordance with the Chinese Constitution and the "Regulations Relating to the Special Economic Zones in Guangdong Province" promulgated by the Standing Committee of the National People's Congress, approved and promulgated the "Temporary Provisions for the control of Workers' Wages in the Special Economic Zones in Guangdong Province," the "Temporary Provisions for the Registration of Enterprises in the Special Economic Zones in Guangdong Province," the "Temporary Provisions for the Control of Entry and Exit of Personnel in the Special Economic Zones in Guangdong Province," the "Temporary Provisions for Land Administration in the Shenzhen Special Economic Zone," the "Provisions for the Control of Commodities and Real Estate in the Shenzhen Special Economic Zone," the "Provisions for the Signing of Economic Contracts Involving Foreigners in the Shenzhen Special Economic Zone" and the "Temporary Provisions for the Importation of Technologies in the Shenzhen Special Economic Zone." The Guangdong provincial people's government has also approved and promulgated such regulations as the "Detailed Rules and Regulations for the Registration of Enterprises in the Shenzhen Special Economic Zone." There is need, however, to continue to establish and to perfect legal provisions concerning economic and trade operations involving foreigners. In seeking to implement the policies of the party and the state, the Guangdong provincial people's government has, in line with the special policy and flexible measures set by the CPC Central Committee for Guangdong, formulated a series of policies, regulations and measures. These laws and regulations of a local character not only serve to uphold the sovereignty of the state but also take into consideration international practices and the principles of equality and reciprocity so

that while engaging in economic and trade operations involving foreigners, the province may have a basis for offering legal protection to foreign investors.

The office of the notary public is an agency set up by the state. According to the "Temporary Provisions for Notarization of the Chinese People's Republic" and in response to the requests of the concerned parties, it certifies legal actions according to the law and the authenticity of legal documents and legal actions. At present, 125 notary public offices have been set up in all the cities and counties in Guangdong, including 4 in Shenzhen, Shekou, Shatoujiao and Shantou and 4 in Baoan County. Zhuhai has a city notary public office as well as a Doumen County notary public office. Shantou, which already has a city notary public office, is in the process of setting up notary public offices in all the districts, Guangzhou has a total of seven city and district notary public offices. In 1982, the province handled 100 notarizations of various economic documents involving foreigners on a trial basis. This number was increased to 868 in 1983 and 860 from January to October 1984. Foreign capital put to use following the notarization of the 860 documents amounted to over \$700 million. With a view to making use of capital from Hong Kong, Macao, overseas Chinese and foreigners for the importation of advanced technologies, the notary public offices are providing legal assistance to promote the development of foreign trade. A case in point is the agreement between the Lingnan Real Estate Co in Guangzhou and the Garden Hotel Co Ltd., in Hong Kong to engage in the joint construction of the Garden Hotel in Guangzhou in 1981. Although a loan contract had been signed by Hong Kong and foreign banks in Hong Kong, the failure on the part of the lender to make payment on time resulted in delays in the construction work. After a representation had been made by the Lingnan Real Estate Co to the notary public office in Guangzhou, HK \$700 million were soon remitted to Guangzhou and the construction of the hotel was able to proceed expeditiously.

In recent years, law offices in Guangzhou have been reestablished and developed at a rapid rate. All the cities, districts, counties, overseas Chinese federations, the Provincial Political and Legal Cadre Administration Institute and the law department of Zhongshan University have set up law offices. By October 1984, there were in the province 129 law offices with 540 full-time and 170 part-time lawyers. Those law offices dealing exclusively with economic matters involving foreigners include the Overseas Chinese Legal Consultation Office of the Provincial Overseas Chinese Federation, the law office dealing with economic matters involving foreigners in Guangzhou, the law offices dealing with economic matters involving foreigners in Shenzhen, Shekou and Shatoujiao, the Shantou Special Economic Zone and the Hainan Administrative District. Plans are also being made to establish law offices dealing with economic matters involving foreigners in Zhuhai and Zhanjiang and a law office dealing with economic and trade matters and a second law office (dealing with legal matters involving the buying and selling of real estate) in Shenzhen. From the latter half of 1981 to the end of September 1984, the lawyers throughout the province handled some 4,000 cases of an economic nature involving foreigners, participated in negotiating, drawing up and examining over 430 contracts and engaged in over 600 cases of mediation and arbitration in economic disputes on behalf

of their clients. In addition, they also serve their clients as long-term legal advisers, offer consultation services to foreign traders and businessmen from Hong Kong and furnish legal opinions.

The vital role played by lawyers in Guangdong Province in providing services to promote foreign trade is becoming more and more evident in recent years. According to statistics compiled by the concerned departments, the 430 contracts negotiated, drawn up and examined by lawyers involving foreign businessmen amounted to over \$4 billion; contracts which have been concluded amounted to \$800 million, of which \$300 million have already been paid. By engaging in the examination of contracts, mediation, arbitration and litigation, the lawyers have salvaged losses suffered by the state of almost \$30 million and upheld the legitimate interests of their clients to the tune of \$2 million. In 1981, for instance, the Guangdong Provincial Lawyers Association, by participating in drawing up a contract for the supply of power as a form of compensatory trade between the Guangdong Provincial Power Co and an unnamed corporation in Macao, was instrumental in the conclusion and implementation of an investment contract amounting to HK \$200 million. Again, at the end of 1983, by engaging in the "bankruptcy" case involving the Xinnanxin Dyeing Factory, which was solely owned and operated by Hong Kong businessmen, the law office dealing with foreign economic matters in Shenzhen was able to bring the matter to a satisfactory conclusion. In commenting on the case, the Hong Kong press expressed the opinion that "the crux of the matter lay in the fact that the Chinese side adopted the position that the interests of the creditors who furnished the foreign capital must be protected" and that "throughout the entire process, the Chinese side not only took into consideration legal precedents in Hong Kong but also dealt with the case in a more appropriate manner so that even the creditors were satisfied that their interests had been given adequate protection." The feeling of security on the part of investors has thus been further bolstered.

In the last few years, the Shenzhen office of the Foreign Trade Arbitration Committee of the Chinese International Trade Promotion Committee has taken an active part in cases arising out of foreign trade contracts and transactions, especially those involving Chinese and foreign joint enterprises and foreigners who have invested in setting up factories in China, and two-way credit loans involving Chinese and foreign banks. While upholding the principles of independence, sovereignty, equality and reciprocity and by giving consideration to international practices, it has, by dealing with a large number of cases in a judicious manner, elicited favorable comments by the Chinese and foreign parties concerned.

Furthermore, the people's procuratorates at various levels in Guangdong Province have strengthened their supervision, the people's courts have established a number of courts dealing with economic matters and plans have been made by the concerned coastal ports to set up maritime courts. An effort is also being made by Guangdong Province to step up the training of legal personnel. The Guangdong Provincial Institute for Political and Legal Cadres has already been established. Five universities, including Zhongshan University and Shenzhen University, have set up law faculties, and Guangdong has established in the



province and the cities 17 public security and judicial special secondary schools. The overall strengthening of the legal establishments in Guangdong Province is certain to contribute to the development of economic and technical cooperation with foreign countries as well as of international trade.

9621

CS0: 4006/390

9 May 1985

## HONG KONG MEDIA ON CHINA

## AUSTRALIAN TRADE COMMISSIONER ON RISING INVESTMENT IN PRC

HK170613 Hong Kong HONG KONG STANDARD in English 17 Apr 85 p 1

[Text] Australia has stepped up its investment in China with Hong Kong playing the catalyst role, Mr Bruce Nicholls, senior Australian Trade Commissioner in Hong Kong, said yesterday.

Nicholls revealed that Australia has switched its attention from its traditional markets in Europe to the Far East in general and Hong Kong and China in particular.

Rising protectionism in European countries has made it difficult for Australian traders. But China's modernisation programme and market potential have appealed to the Australian business community, Nicholls said. Hong Kong, with its expertise and experience in trading with China, has become a significant gateway into China.

According to official trade statistics, the total trade between Hong Kong and Australia last year increased 30 per cent over 1983, from \$6,628.6 million to \$8,605.9 million. Imports from Australia were up 21 per cent, exports to Australia up 31 per cent and re-exports 52 per cent.

Hong Kong has become Australia's ninth biggest export market, while Australia ranks seventh as a market for Hong Kong.

Nicholls said Australian re-exports from Hong Kong into China were valued at A\$22 million last year. But he said it was difficult to give an exact amount of Australian investment in China because of the different forms of investments there.

He said the Australian Government introduced the China Action Plan 18 months ago to promote the bilateral trade. Offices have been set up in Beijing, Shanghai and Hong Kong for the purpose.

The plan ensures a government to government "umbrella" to support, facilitate and enhance bilateral trade and investment. The government involvement can be taken as a form of guarantee. Goods and services of both countries can be introduced to each other, arousing interest from both sides in bilateral trade and investment.

According to Mr Ben Lee, senior marketing officer at the Australian Trade Commission, Australian investment in China is mainly in agriculture and light industry.

Around April 21-22, an Australian coal mining services and equipment mission will visit China, teaching the Chinese mining methods.

China is interested in buying minerals, such as coal and iron, which are abundant in Australia.

CSO: 4020/199

HONG KONG MEDIA ON CHINA

HONG KONG CPPCC DELEGATES DEBATE SPECIAL ECONOMIC ZONE CURRENCY

HK030437 Hong Kong SOUTH CHINA MORNING POST in English 3 Apr 85 p 14

[Text] The controversial Special Economic Zone [SEZ] currency has sparked a rare division of opinion in the Chinese People's Political Consultative Conference.

The argument was raised in a CPPCC session on Monday when two Peking-appointed delegates from Hong Kong expressed entirely different views on the currency.

One delegate, Mr. T.K. Ann, who is an industrialist and a former Legislative Councillor, hailed the idea as a solution to the present economic problems.

In a speech delivered at the CPPCC, he suggested that China could use a portion of its US\$16 billion (about HK\$124 billion) reserves to back the new currency.

"The new currency is a good thing because the public will be able to buy imported products," said Mr. Ann.

He said he believed that there would not be a rush to buy foreign goods when the currency was brought in, because people would put their money on deposit and wait until the popularity and price of the new goods dropped before going out to buy them.

This would help China solve the problem of inflation.

He said people on the mainland ought to be allowed to freely deposit and withdraw the new SEZ currency at banks all over the country.

The rate of exchange between this currency and the renminbi should be allowed to fluctuate and should be governed by market forces, said Mr. Ann.

When the new SEZ currency was put into circulation, Foreign Exchange Certificates [FEC] now in use could be changed for the new notes and the FEC would be gradually phased out, he added.

But another delegate to the CPPCC, Mr. Li Tse-chung, the director of the left-leaning WEN WEI PAO, had an entirely different view.

"Not only should the Government refrain from issuing a new SEZ currency, the FEC now in circulation should also be abolished so that China only has one currency--the renminbi," he said in a strongly-worded speech.

"More currency means more problems," he said.

He echoed Mrs Chen Muhua's statement last week that there should only be "one currency in one country."

The new SEZ currency has recently been harshly criticised by WEN WEI PAO.

A strongly-worded editorial late last month said: "The issuing of new SEZ currency seems to aim at solving the multi-currency confusion. But it is very doubtful whether this would be achieved."

The other leftwing daily, TA KUNG PO, has so far refrained from taking sides.

It ran an editorial stating the pros and cons of the SEZ currency plan yesterday, quoting both Mr Ann's and Mr Li's views.

Meanwhile, analysts are split over the meaning of the controversy on the SEZ currency.

One school of thought believes that this is yet another sign of factional disputes.

Those who are not in favour of current reform policies are seizing the opportunity to attack the policies by claiming that the SEZ currency is not feasible but is fraught with all the monetary pitfalls possible. Defenders of the currency are reform-minded leaders who advocated the SEZ in the first place.

However, another school of thought feels that such a scenario is overstating the case. It admits there may be people who are opposed to the reforms. But it says those who oppose the SEZ currency are actually supporters of the reforms. Indeed some are strong advocates. They disagree with the special currency because of the problems it creates, similar to those created by the FEC over the past few years.

Those who are against the SEZ currency believe that such a monetary change also provides for a transitional cure to the problems in Shenzhen. The new SEZ could be the subject of massive blackmarketeering at this second border, just as, when the FEC was introduced, it was used for wide speculation.

There would be a great clamour for goods on the mainland, largely because they were duty-free. As in the earlier craze for foreign articles, there would be a rush for these goods in Shenzhen. This had already created serious problems for the SEZ and it was difficult to see how the new SEZ currency could resolve it. One analyst said that, just as the Hong Kong dollar was in demand, the mainlanders would crave for the SEZ currency in order to acquire goods in the SEZ.

According to Mrs Chen Muhua, the SEZ currency will not be based on the Hong Kong dollar or gold. So what will it be based on? Mrs Chen said that the SEZ currency and RMB were to be issued by the same People's Bank, but the special use of the SEZ currency would in essence be a separate currency, used by one special area.

CSO: 4020/199

END



**END OF**

**FICHE**

**DATE FILMED**

28 MAY 85